As of 12 p.m. ET **DJIA** 10931.60 ▲ 0.88% **FTSE 100** 5727.65 ▲ 0.88% **Nikkei 225** 10828.85 ▲ 0.13% **Shanghai Comp.** 3019.18 ▼ 1.23% **Hang Seng** 20778.55 ▼ 1.10% **Sensex** 17558.85 ▲ 0.62% **S&P/ASX 200** 4885.39 ▼ 0.13%

Dim sum: lots of heart, a little dough
WEEKEND JOURNAL 10

The political roots of Delhi's inflation dilemma
EDITORIAL & OPINION 13

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THE WALL STREET JOURNAL.

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China strives to relieve the worst effects of drought

Reuters

A woman emerges from a well with water—unfit for human consumption, according to local media—for her cattle in Kunming, Yunnan province, on Thursday. Emergency wells were being drilled and cloud-seeding operations carried out in southern China, where the worst drought in decades has left millions without water. Officials said they would deliver 1.42 million tons of grain to affected areas.

German plan to aid Greece wins backing

German Chancellor Angela Merkel won the crucial backing of France for her proposal for a joint International Monetary Fund and bilateral aid package from euro-zone countries should Greece need help, a German government official said Thursday.

*By **Andrea Thomas, Adam Cohen, Brian Blackstone** and **Patrick McGroarty***

"There is a text on which Germany and France have agreed," said the official on the sidelines of the European Union summit.

The comments by the official came after Ms. Merkel met French President Nicolas Sarkozy for bilateral talks before the summit of European Union leaders in Brussels.

The support of France is crucial for Ms. Merkel, who has been lobbied for this solution for several days. Mr. Sarkozy has opposed the involvement of the IMF in bailing out a euro-zone member. His main ally in that view is European Central Bank President Jean-Claude Trichet.

On Thursday, Mr. Trichet extended a lifeline to Greece, announcing an extension of the ECB's relaxed sovereign-debt collateral rules past 2010.

The ECB decision, which gives Greece more time to bolster its debt rating, removes a major uncertainty for Greek banks and other holders of that country's bonds. Greek bonds would be on the cusp of ineligibility if the standard ECB rules were put back into force. The extension applies to all euro-zone members but Greece is the primary beneficiary of the move.

Greek bonds reacted positively to the extension and to signs that a consensus was building among European leaders over a mechanism to help Greece ahead of a summit in Brussels.

Yield spreads on Greek 10-year bonds over safer German equivalents, a measure of risk, narrowed about 0.10 percentage point. Still, Athens still

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European Drama

■ Europe must choose between growth or safety net 14

Complicated strategy

Google's plan to keep part of its China business is looking more complicated as partners turn away and some operations continue to be censored. **Page 19**

Dubai proposes to repay its creditors' cash in full

Dubai unveiled a $23.5 billion restructuring plan for its flagship conglomerate, saying it would recapitalize **Dubai World** and its main real-estate subsidiary with as much as $9.5 billion in fresh funding and proposed repaying Dubai World creditors over as many as eight years.

*By **Chip Cummins** in Dubai and **Ainsley Thomson** in London*

Markets had priced in expectations that Dubai was leaning toward making creditors whole over the long run. But investors saw the proposal as more generous than anticipated, bidding up local stocks and driving down the cost of insuring against a Dubai default.

"I think it surpasses expectations," said Farouk Soussa, an analyst at Standard & Poor's Ratings Services in Dubai.

One big question still hanging over the proposal is how the government plans to fund the recapitalization at the heart of the restructuring plan.

Dubai said it would use $5.7 billion remaining from a loan made by Abu Dhabi in December. The balance would come from "internal Dubai government resources," according to a statement.

That represents a sizeable commitment at a time when the government itself and other Dubai-controlled entities are facing their own significant debt-repayment deadlines.

Dubai borrowed $10 billion in emergency funding from the federal government of the United Arab Emirates in February 2009 and another $10 billion from the government of Abu Dhabi, the capital, in December, to help pay debt and unpaid bills.

Excluding debt from Dubai World and the real-estate developer **Nakheel** included in the restructuring, Dubai entities still owe another $3.55 billion in publicly disclosed

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Source: Transaction Processing Performance Council, www.tpc.org as of 11/3/09.
12-Node SPARC Enterprise T5440 server cluster, 7,646,486 tpmC, $2.36/tpmC, available 3/19/10.
IBM Power 595 Server Model 9119-FHA, 6,085,166 tpmC, $2.81/tpmC, available 12/10/08.
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PAGE TWO

What's News—

* * *

Business & Finance

■ **Federal Reserve Chairman** Ben Bernanke said record-low interest rates are still needed to support the U.S. economy, but the central bank is ready to tighten credit when needed. **7**

■ **U.S. stocks climbed** to 18-month highs as Bernanke reiterated the need for low interest rates. Hong Kong's benchmark closed at a three-week low on weaker-than-expected earnings. **25**

■ **Foreign ownership of Asian** local-currency bonds is rising, the Asian Development Bank said in a report that sees a favorable market environment but also warns that capital inflows can be a destabilizing factor. **4**

■ **China's sovereign wealth fund** may finance development of an Ethiopian mining project as it looks to boost imports of potash for agricultural fertilizers. **21**

■ **Bharti and Kuwait's Zain** are likely to sign definitive agreements in coming days to sell most of Zain's African assets to the Indian company. **20**

■ **Investors who sold** credit protection on Japanese consumer-finance firm Aiful will pay 66% of the amount they guaranteed, following a smooth auction of its credit-default swaps. **23**

■ **Three former employees** of convicted Ponzi schemer Bernard Madoff's firm pleaded not guilty to falsifying books and records and other criminal charges. **29**

■ **Citigroup is working hard** to get rid of assets, but the slow-moving process is making it harder for CEO Vikram Pandit to bolster the bottom line. **19**

■ **Toyota is aiming** to finalize details of a reorganization of its Japanese production facilities by this summer. **22**

■ **Apple's board has fewer** independent voices following the death of director Jerome York last week, renewing concerns about its ability to oversee strong-willed Chairman and CEO Jobs. **21**

■ **Industrial & Commercial Bank** of China is planning to raise capital via a convertible-bond issue in the domestic market and said its full-year net profit rose 16%. **23**

■ **Cheung Kong Infrastructure** Holdings has launched legal proceedings against Merrill Lynch over the failed sale of a New Zealand mine. **29**

■ **Australian rates** will likely need to keep moving toward normal settings as it becomes clearer the economy is on an upswing, a central bank official said. **4**

■ **PetroChina's profit fell** 9.7% last year, but increased output and a rebound in energy prices could boost its 2010 results. **21**

* * *

World-Wide

■ **A 6.0-magnitude earthquake** struck west of Manila, causing buildings in the Philippine capital to shake but no reports of damage or casualties.

■ **A senior Chinese central bank** official criticized the handling of the Greek debt crisis, highlighting global concern about the situation in Europe. **3**

■ **U.S. officials lauded Pakistan's** antiterror efforts though some say they are yet to be persuaded Islamabad is fully committed to battling Islamic militants in tribal areas near Afghanistan. **10**

■ **Indonesia's Constitutional** Court upheld an antipornography law, dismissing arguments that it threatened artistic and cultural expression and could be used against minority religious groups.

■ **The last piece of the remake** of the U.S.'s health-care system hit a parliamentary snag in the Senate, and was headed back to the House for one final vote before becoming law. **7**

■ **Britain's Prince Charles made** an unannounced visit to Afghanistan.

Associated Press

A visitor poses with Son Goku, the main character of Japan's popular manga series Dragon Ball, during the Tokyo International Anime Fair. More than 200 anime-related companies and organizations gathered in this annual event, which will be open to the public on Saturday and Sunday.

Inside

World News: U.S. universities cautious on moving to India. **4**

Business & Finance: Fervor for Android is unaffected by suit. **20**

Business & Finance: Macau will slow growth of casinos. **21**

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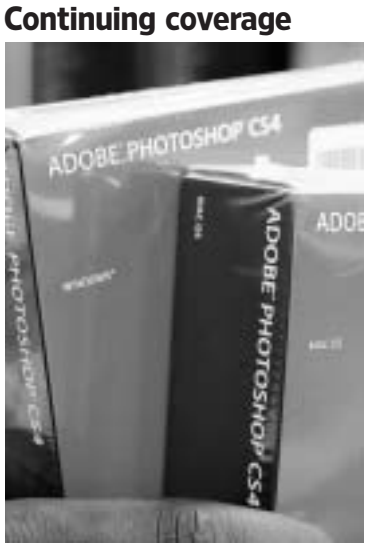

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What does it cost Go Daddy to leave China?

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WORLD NEWS

Chinese banker faults Greece efforts

Zhu Min says crisis needs decisive action to show it can be solved; tells conference China should import more goods

By Alex Frangos And Katie Martin

A senior Chinese central bank official criticized the handling of the Greek debt crisis, highlighting global concern about the situation in Europe.

Speaking at a conference in Hong Kong, Zhu Min, deputy governor of the People's Bank of China, also said China "should and could" import more goods to keep its trade surplus small. And he noted that the central bank's efforts to tighten monetary policy were having their intended effect, even without China having to raise interest rates.

"I don't think Greece will go bankrupt because it's still relatively small," said Mr. Zhu. "But we don't see decisive actions to tell the market we can solve it."

Mr. Zhu called Greece "just one case," but also the "tip of the iceberg," and warned that fiscal problems could spread to Spain and Italy. High levels of debt throughout the developed world, he said, would keep growth low for several years.

"The U.K. is weak. America itself is weak, because in a two- to four-year horizon, U.S. debt will climb to 110% [of GDP] and stay there for a while," he said.

"The governments tried to put every burden from the financial sector onto their own children. Now they find nobody can save them," he added, referring to the large amounts of government debt issued to fund bank bailouts and stimulus programs in the West during the crisis.

Mr. Zhu called Greece the 'tip of the iceberg,' and warned that fiscal problems could spread.

Mr. Zhu's comments about Greece is seen as important because China, as the world's largest holder of foreign-exchange reserves, is a major investor in the euro.

The comments come just one day after Fitch Ratings downgraded Portugal, offering a fresh reminder that Greece isn't the only euro member under pressure from excess spending. They also confirm concern in the market that debt strains in the currency bloc could sap some of the support that the euro has enjoyed as a key component of official reserves over the past 10 years.

"This is a good indication of how rapidly fundamental concerns are growing about the euro zone," said Simon Derrick, a senior currencies analyst at the Bank of New York Mellon in London.

China has about $2.4 trillion in foreign reserves overall, though it doesn't reveal how much of that is in euro-denominated assets. Data from the International Monetary Fund show that emerging markets as a whole hold about one-third of their reserves in euros. China's share may be smaller, but euros are still widely assumed to make up a significant part of the total.

A 13-year veteran of Bank of China Ltd., Mr. Zhu joined the Chinese central bank last year. In February, he also was appointed special adviser to IMF Managing Director Dominque Strauss-Kahn, in a move that signaled China's growing importance in global economic policy.

In suggesting China should boost its imports, Mr. Zhu said such a policy would lessen pressure on China to allow its currency to strengthen. China's imports grew 63.5% this year through February compared with the year earlier, while exports have grown at a slower 31.3% rate. Chinese officials have said March could see an actual trade deficit, though in the long term, China is expected to continue to export more than it imports.

Mr. Zhu said so far there is little evidence of dangerous inflation in China, but warned that pressure on prices from strong demand would be a concern. China's 2.7% inflation rate in February was mostly due to volatile food prices, which rose because of bad weather and high demand during the Lunar New Year holiday, he said.

Mr. Zhu acknowledged that high real-estate prices are a "social issue," that need to be addressed, but said that because home buyers in China aren't heavily indebted, "economically and financially, I really don't think it will cause a systemic crisis in China."

He also played down concerns raised in a recent report by Standard & Poor's that rapid loan growth to provincial infrastructure projects, such as subways and sewage systems, will hurt China's banks. He said that China's coastal areas have enough tax revenue to fund debts, and that projects in the less-developed interior region are often funded by the central government.

So long as China's growth is strong and "the money went into the real projects, they should be OK," he said.

Mr. Zhu sounded upbeat about China's growth prospects in 2010 and said a slowdown in loan growth will prevent liquidity excesses.

"The main concern for China is what happens after the year 2010," he said. In 2011 and 2012, China will have to survive without the massive government stimulus rolled out since the financial crisis, and without strong demand from the developed world, the official said.

Bloomberg News

Zhu Min speaks at Thursday's forum.

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Foreign schools study India's plan

Proposed law would make it easier for universities to open full campuses; many say they will increase collaboration

By Arlene Chang

MUMBAI—Foreign universities are responding cautiously to India's proposed legislation that would make it easier for them to set up full-fledged campuses here.

Foreign universities want to expand their presence in India, senior administrators at these universities say, but they don't expect to immediately build their own campuses even if the law passes. The proposal was approved by India's cabinet last week and is expected to be introduced in Parliament next month.

"We are waiting and keeping in touch with companies and the ministry to see how the legislation plays out and what options might emerge," said Mark Kamlet, provost and senior vice president at Pittsburgh's Carnegie Mellon University.

The legislation would potentially open a huge market to international educational institutions. But university administrators say the law likely won't give them enough flexibility in admissions and hiring to set up stand-alone degree programs. Many say they would rather increase collaborations with Indian universities, which is permitted under the current regime.

A similar bill introduced earlier was blocked by the government's former leftist coalition partner. The chances for the bill succeeding this time are greater because the left is no longer part of the coalition.

"I think if the legislation does pass, our discussions will get fairly serious fairly quickly, and we would be interested in deep cooperation," Mr. Kamlet said. "But we might still find it easier to collaborate."

While India has a huge population and an unmet need for educational institutions, many challenges remain to setting up university campuses, according to Madeleine F. Green, vice president for International Initiatives at the American Council on Education, a Washington-based group of U.S. colleges and universities. Among those hurdles are quality control, accreditation and regulations, she said.

"My research has shown that there is tremendous interest in India and a whole gamut of potential ways to interact, but setting up a campus in India is not what every institute is interested in doing," Ms. Green said, adding that the interest in India is more in research partnerships and cooperation.

Sanjit Das for The Wall Street Journal

Engineering students in New Delhi

Earlier this month, Carnegie Mellon signed an agreement with the Punjab government to help start an international university in a new township in the industrial city of Ludhiana. But Carnegie Mellon's role is limited to advising the university on its computer software and information systems.

New York's Columbia University this week opened its fourth international center for research and regional collaborations in Mumbai, but it doesn't plan to have its own campus here.

"It is very important to spread the benefits of education—there's no question about that," said Lee Bollinger, president of Columbia University. "But, to set up a branch campus is very difficult, to make it a self-sustaining financial system ... unless you have some major external funding."

Brown University, in Providence, R.I., will send a delegation to India soon to explore other opportunities and expand its existing partnerships. University officials say the timing of their visit is coincidental to the bill's being passed by the Indian cabinet.

American university officials say hurdles remain to recruiting world-class faulty and providing research grants. Officials at top foreign universities say they could establish stand-alone campuses here only if they have the flexibility to pay the competitive salaries needed to attract top faculty and allocate research grants on merit. Indian government regulations restrict almost every aspect of university administration, from tuition rates to salaries to research grants.

Yale University is currently in discussions with India's Ministry of Human Resources and Development, which oversees education, to advise the government on its plans to set up 14 new national universities in the next few years.

India has among the largest number of higher education institutions in the world, but the quality is low at many of these academic institutions, critics say.

Local Asia bonds lure more foreign buyers

By Ditas Lopez

SINGAPORE—Foreign ownership of Asian local-currency bonds is rising, the Asian Development Bank said Thursday, in a report that describes a favorable market environment but also warns that capital inflows can be a destabilizing factor.

Money has been flowing into Asian bond markets as fiscal stimulus and accommodative monetary policies have helped Asia recover from the global economic downturn ahead of other parts of the globe.

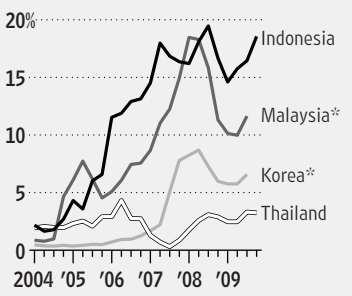
"Foreign investors' holdings in the region's bond markets are rising"—most rapidly in Malaysia and Indonesia—"due to Asia's quick economic recovery, appreciation pressures on the region's currencies, and higher returns in several markets," the Manila-based development bank said in the March edition of its Asia Bond Monitor.

The quarterly report looks at local-currency bond markets in emerging East Asia, defined as the 10 members of the Association of Southeast Asian Nations plus China, Hong Kong and South Korea.

The latest report finds that locally denominated Asian bonds are gaining traction as an asset class, attracting both domestic and foreign investors searching for yield and portfolio diversification.

Attracting investors

Foreign holdings of local-currency government bonds in selected Asian countries, as percentage of total



* As of September 2009
Source: AsianBondsOnline

The total outstanding value of local currency bonds from emerging East Asia rose to $4.4 trillion at the end of 2009, up 16.5% from a year earlier, the ADB said.

At the same time, sales of bonds from the region denominated in U.S. dollars, euros or Japanese yen nearly doubled in 2009, to $63.2 billion from $33.3 billion the year before.

The penetration of foreign investors was especially marked in Indonesia, where they're the second-largest holder of government bonds, accounting for 19% of the market in 2009, up from 17% in 2008, the ADB said. The value of bonds held by foreigners rose to 108 trillion Indonesian rupiah ($11.8 billion) by the end of December, its highest level ever.

But the acceleration of foreign bond ownership does carry some risks. "If an increasing proportion of foreign investment is going into the most liquid segments of Asia's local currency bond markets, those countries could be a bit concerned about a possible reversal [of the flows] because benchmark markets are easy to get in and out of because of the high liquidity," said Noritaka Akamatsu, a senior adviser in the ADB's Office of Regional Economic Integration. "But this is not just a matter for the bond markets, this is also a matter of currency control, exchange rate management as well as capital account control."

A recent uptick in inflation could force up government bond yields, the bank said. Mr. Akamatsu said yield curves could steepen this year as a general economic recovery lifts other asset classes and as the bond supply and public debt levels grow.

The report also noted the inherent uncertainty in the market. Risks "include a reversal in the recovery in developed economies, a premature tightening of monetary policies and hasty exit from fiscal stimulus packages, and potentially destabilizing capital inflows," the ADB said.

Still, the report says government bond markets in emerging Asia should sustain their momentum as the economic recovery continues. Corporate bond markets also are expected to show steady growth, serving as an additional source of funding for local companies and an attractive investment alternative for investors.

In fact, corporate bonds showed the most explosive growth in 2009. The value of outstanding corporate bonds rose 31.6%—due mainly to rapid market growth in China and the Philippines —while outstanding government bonds rose 11.2%.

Excluding central bank issuance, new issuance of government bonds grew 46.7%, while corporate bond issuance was up 41.8%.

The growth of corporate bond markets was especially explosive in China. The total value of outstanding corporate bonds in China rose 77.5% in 2009 after rising 52.8% in 2008. The totals were boosted by issuance of medium-term notes, commercial bank issuance and bonds from companies in both major cities and the provinces.

"Generally speaking the high growth of the overall market is encouraging, but too-high growth of a particular market segment in a particular country requires a closer look," Mr. Akamatsu said. "Chinese authorities may wish to explore ways to rationalize the regulatory framework for the overall bond market and level the playing field."

How China will perform this year and next will have a large impact on bond markets throughout the region, Akamatsu said. But he added: "We expect relatively steady growth among all the Asean markets."

Australian rates will keep moving toward 'normal'

By Enda Curran

SYDNEY—Interest rates in Australia will likely need to continue to move toward more normal settings as it becomes clearer the economy has entered an upswing, with limited spare capacity and the country's trading partners in Asia growing strongly, a senior central bank official said Thursday.

Reserve Bank of Australia's assistant governor for economic matters, Philip Lowe, reiterated that policy needs to be adjusted based on the bank's central, positive scenario despite ever-present risks to that outlook.

"The alternative of waiting to see how the myriad of risks evolves before adjusting policy runs the significant downside of moving too late, particularly given that the economy is starting this upswing with less spare capacity than in previous upswings," he said.

The remarks by Mr. Lowe reiterate the bank's recent upbeat outlook on the economy and underscore monetary policy tightening has further to run.

Australia's central bank has moved swiftly to raise rates since it became apparent the economy had escaped the worst of the global downturn, raising its cash rate target to 4% by March from 3% in October.

In a speech in Sydney, Mr. Lowe said employment growth has been robust and an expected significant rise in Australia's terms of trade means the economy has entered "a reasonably solid upswing."

"As the bank has noted a number of times, with the economy having relatively limited spare capacity, it is likely that interest rates will need to continue their gradual move towards more normal levels," Mr. Lowe said.

In comments after the speech, Mr. Lowe wouldn't set out what he viewed as normal for the cash rate target, but said the level of borrowing rates for consumers is paramount when setting policy.

He said mortgage rates are around a half-point below their past 15-year average, but rising.

"Ultimately, what's most important is the level of lending rates borrowers face," he said, adding, "it's certainly something that affects our setting of monetary policy."

While there are no signs of the kind of developments that hit property in 2002 and 2003, he warned lenders and home buyers to proceed with caution.

HKUST BUSINESS SCHOOL 香港科大商學院

HKUST Business School enters global top 10

Earlier this year, the MBA program offered by the Hong Kong University of Science and Technology (HKUST) School of Business and Management became Asia's first home-grown MBA to get a world top 10 ranking. It is currently in ninth position, tied with the University of Chicago, in the 2010 Financial Times MBA ranking.

Given that the university is less than 20 years old, the new ranking is clearly an outstanding achievement. "The air is getting thin where we are right now," quips Professor Steven DeKrey, MBA Program Director at HKUST Business School. He adds, however, that one should not get too focused on rankings.

"The smaller the number gets the better, but our goal is not ranking but reputation. Ranking helps, but the key measure of success is the respect your faculty and research gets. Reputation is passed by word of mouth, it's a subtle awareness of where the thought leaders are," he says.

HKUST was first planned in the 1980s as an attempt to ensure that the 'thought leaders' of the next generation would be living and working in Hong Kong. Professor Chia-Wei Woo, HKUST's founding President, says credit should go to Chung Sze Yuen, Hong Kong Governor Edward Youde and his successor David Wilson, who set out to create a top international research university knowing that Hong Kong would need to compete in the emerging knowledge economy.

HKUST's current President, Professor Tony Chan, believes that the latest Financial Times ranking demonstrates that HKUST is fulfilling its mission pledge. The University's research, as well as its MBA program, secured a top-10 position in the 2010 rankings. "This

Professor Tony Chan, President of HKUST

latest achievement shows that Hong Kong higher education is capable of attaining the highest levels in tertiary education in the world, given strong support."

That support is still very much in evidence in Hong Kong, where HKUST's success is closely watched by the government. Professor KC Chan, former Dean of HKUST Business School and currently Hong Kong's Secretary for Financial Services and the Treasury, says: "HKUST's consistent high ranking globally not only raises the international profile of the university, but also that of Hong Kong as a premier destination to work and study and where dedication and commitment is rewarded with top job opportunities."

Professor Tony Chan believes the retention of business talent will be crucial to Hong Kong's continued success as a world-class commercial and financial center. "Our business school will act like a magnet in attracting top-quality students and faculty," he says.

His mention of students here is significant. Professor Leonard Cheng, current Dean of HKUST Business School, believes that the decision to maintain high admissions standards has been a major factor in their success. "In the early years it was difficult to attract students with substantial work experience, but we bit the bullet and were willing to take a reduction in student numbers to raise our standards," he says.

The gamble paid off. The school slowly built its reputation and its application pool is now growing rapidly. "The quality of our alumni is a major factor measured by this Financial Times ranking," says alumnus Benno Jaeggi, Regional Business Manager, Commercial Banking Asia, ABN AMRO Bank NV, and President of the MBA Alumni Association. "This top-10 ranking is a well deserved confirmation of the success that many of our alumni have enjoyed since graduation from the HKUST MBA program."

"I have been extremely fortunate to be exposed to a culturally diverse student body and faculty team unparalleled among business schools (and many business environments) the world over," says Kajsa Ryttberg, a current MBA student and President of the MBA Association. "Our class of 113 students hails from 27

Professor Leonard Cheng, Dean of HKUST Business School

different countries and this diversity brings a unique cultural experience, facilitated via intense class discussion and group case studies. In addition, the small class size has provided the opportunity to interact with my classmates on a highly personal level – we are like a family, albeit a very unique, multicultural family."

Those 'family' connections clearly abide – the news of the MBA's top-10 ranking has led to alumni as far back as the first graduates of the program to send in their congratulations. Alumnus from 1994, SC Liu, Chairman, My Top Home, China Holdings Ltd, sent in: "The HKUST MBA course provided me with an insightful overall view on the essentials of operating a business. Our operation owes a lot to the course. Thank you and congratulations, my *Alma Mater."*

Staying ahead

Useful though it may be to look at the success factors that have led to HKUST's current MBA ranking, the business school team is already focusing on the challenges ahead. "You cannot afford to let up in Asia where things are moving so quickly," says Professor DeKrey. "You need to get constant feedback from the market and you need to be in continuous development."

The curriculum is therefore updated every year. Recent innovations are 12 new electives that are China/Asia related, new required courses on China business and responsible leadership and a 'Case Center' which contributes case material to the MBA program, ensuring that it is grounded in the actual problems students will be facing in their careers.

Professor Tony Chan emphasises that HKUST will measure its success in the years ahead by the impact it has in the industry and community.

Professor Steven DeKrey, MBA Program Director

That impact can be measured by employer feedback on the quality of HKUST Business School graduates. John Laurens, Head of Global Payments and Cash Management, Asia Pacific, HSBC says: "At HSBC today, we are already seeing the benefit of the program as HKUST graduates excel and make key contributions to our company and we look forward to continuing this partnership in the future. HSBC is proud to support the HKUST as it strives to develop future business leaders."

Another employer impressed with HKUST's achievement is Anthony Nappi, Asia Pacific Head of Global Transaction Services, Citi. "This achievement has reflected the professionalism and commitment that HKUST has continuously contributed to post-graduate education in Hong Kong," he says.

Industry leaders have also been highly appreciative of the contribution made by the school. "In less than 20 years, The HKUST Business School has made significant strides in advancing the quality of its business education programs and research," says William Fung, Chairman, HKUST Business School Corporate Advisory Forum, and Group Managing Director, Li & Fung Ltd. "Its strong showing in various rankings in recent years confirm its stature among the world's top 10. I applaud them for their continual effort in making their high quality work relevant by seeking feedback from and collaboration with the corporate sector. Congratulations!"

Aiming high

When HKUST was set up in the early 1990s, Asian business schools were barely even surveyed by the major MBA ranking organizations

Professor Yuk-Shee Chan, founding Dean of HKUST Business School, current President of Lingnan University

and the field was dominated by US universities. In the 1999 Financial Times' ranking, 20 out of the top 25 MBA programs were US-based. Currently there are still 11 US programs in the top 25, but the trend seems to indicate that HKUST is in the vanguard of an Asian resurgence.

The 'secret' of HKUST's success is actually no secret at all, says Professor Yuk-Shee Chan, founding Dean of the HKUST Business School and currently President of the Lingnan University of Hong Kong. "We aimed high", he says simply. "HKUST was built with a grand vision, it was intended to be a top research university in Asia. The guiding principles were to have a strong research foundation and to apply high standards in faculty recruitment to ensure high quality teaching and research," he adds.

This, of course, is easier said than done. How can a start-up university without a reputation or track record hope to attract top faculty talent? The university did, however, have

Professor Chia-Wei Woo, founding President of HKUST

geography on its side. In the early 1990s the job market for academics in the US and Europe was sluggish, China was already booming and HKUST had the good fortune to be sitting in the industrial powerhouse of the Pearl River Delta.

Twenty years on, with speculation rife that China is poised to become the world's next superpower, it is all too easy to attribute HKUST's success to its location, but memories are short. Professor Woo points out that, back then, the return of Hong Kong to China was more of a 'push' than a 'pull' factor. Ironically, he believes this too acted in their favour.

'The new life for Hong Kong spelled many opportunities of course, but it also involved many challenges. Opportunities are always good for people with vision, but challenges require people with courage. Those challenges frightened away many people from Hong Kong and this turned out be like a screening device for HKUST. It helped to screen out people who didn't have enough courage, and for a start-up you want to have people who have both vision and courage."

WORLD NEWS

U.S. is urged to back Internet freedom

By Geoffrey A. Fowler And Loretta Chao

Google Inc. told legislators that the U.S. government must support Internet freedoms, as Congress weighs bills that would deepen the government's role in advancing free expression on the Internet globally.

"Internet censorship is a challenge that no particular industry—much less any single company—can tackle on its own," Google's director of public policy, Alan Davidson, said at a hearing of the Congressional-Executive Commission on China on Wednesday.

The hearing follows Google's action on Monday to stop censoring its search results in China, a move that the Internet company took after saying months earlier that it had been hacked and tracing the attacks to China. Chinese officials have said Google's allegations of attacks were groundless and that Google has broken its promise to regulators.

Internet company **Go Daddy Group** Inc. followed Google in testimony on Wednesday by announcing it would discontinue offering new ".cn" domain registrations in China, after new Chinese government requirements for information about registrants.

Google's Mr. Davidson said the U.S. could support free expression by bringing up the issue in foreign-policy dialogue and even making it part of the criteria for receiving development aid. He said he supported efforts by the U.S. government to provide funds to groups that develop software to help people in Internet-restricting countries access blocked information.

Internet censorship is becoming a hot-button topic in Washington. On Wednesday, a bipartisan group of 10 senators announced the launch of a Global Internet Freedom Caucus to highlight the issue and develop legislation. "We are going to spend time and money to promote methods to evade restrictions to the free exchange of ideas," said Democratic Sen. Ted Kaufman of Delaware. "It's a lot like the problem we had during the Cold War."

But there's little consensus among U.S. officials and Internet experts on the best way for the government to combat censorship.

Agence France-Presse/Getty Images

Google's Alan Davidson testifies on Capitol Hill Wednesday.

Breaking down China's so-called Great Firewall could open up a new world for user-generated content, allowing Chinese users to create and share content in Web sites even if they are blocked by censorship mechanisms within the country. Wikipedia's Chinese-language Web site, for instance, has failed to take off because it has been often blocked in China. Instead, a user-generated encyclopedia created by **Baidu** Inc. and filtered in accordance with Chinese regulations has gained popularity.

Zhou Shuguang, a 28-year-old blogger in China who has used ways to *fanqiang*—or scale the Great Firewall—since 2001, said circumvention is increasingly popular, with more Internet users either paying for virtual private network services or using free ones such as FreeGate. "People who want to get news and information, and people who want to get entertainment or make friends from overseas ... are trying to use fanqiang methods more and more," he said.

Some experts warn that circumvention software is no silver bullet for censorship. "We know that the tools that we're already building get constrained by bandwidth, server load, and problems with abuse," said Ethan Zuckerman, a senior researcher at Harvard University's Berkman Center.

Moreover, many of China's nearly 400 million users go online for entertainment, such as video and games, that is available within China's censorship regime.

"There's this hubris [among Americans] that drives the belief that what matters in China is Twitter and Facebook and Youtube. Ultimately, that's not what matters ... it's Weibo, Kaixin or RenRen, and Youku and Tudou," says Kaiser Kuo, consultant for one of China's most popular online video Web sites, Youku.com.

—Kersten Zhang contributed to this article.

■ Google is losing some of its partners in China. 19

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Health bill in U.S. hits snag in Senate; passage still likely

By Gregg Hitt

WASHINGTON—The last piece of President Barack Obama's remake of the U.S.'s health-care system hit a parliamentary snag early Thursday in the Senate, and was headed back to the House for one final vote before becoming law.

The Senate was expected to vote on final passage early Thursday afternoon after it finished debate on the measure. House Majority Leader Steny Hoyer (D., Md.) said the House vote was to take place Thursday evening if the Senate completed its work as planned.

House Speaker Nancy Pelosi (D., Calif.) said she was confident the slightly amended bill would be approved by House Democrats.

The legislation makes a handful of changes to the sweeping health bill, including bolstering government subsidies to help individuals purchase health insurance and closing a politically unpopular gap in prescription-drug coverage under Medicare, the health insurance for seniors.

A spokesman for Senate Majority Leader Harry Reid (D., Nev.) said Republicans have found two minor provisions in the bill—totaling no more than 16 lines—that are likely to be subject to procedural challenges on the floor, and ultimately struck from the legislation.

The Senate debate has had none of the vitriol that defined the final hours of House action. But Republicans and Democrats have sparred sharply.

"Of all the things they could send back, this was probably the most benign," Ms. Pelosi said.

Under the Senate's complicated parliamentary rules, the legislation at issue can't carry provisions that are unrelated to federal budget matters. The provisions at issue have been found to violate those rules, congressional aides said.

One provision is technical language with no substantive importance, aides said. The other provision is intended to shield recipients of government Pell Grants, which benefit low-income college students, from the ebb and flow of changes in federal spending. The Pell Grant provision is in the bill because the health legislation also makes changes to the federal student-loan program.

The student-loan measure—swept into the health legislation by lawmakers over the last few weeks—would end government subsidies to banks and shift the lending responsibilities to the federal government. The change would save tens of billions of dollars over the next decade, much of which would be plowed back into increased support for community colleges, historically black colleges and Pell Grants.

Under an agreement, the Senate was expected to conclude action on the final piece of the Obama health bill by early afternoon Thursday. Several more amendments were likely to be debated before a final vote, in addition to the expected Republican procedural challenges.

Pending on the Senate floor is the smaller bill—sometimes called the "sidecar" bill—that moved through the House last weekend alongside broader legislation that makes the biggest changes to the U.S.'s health-care system in a generation, providing near universal health insurance coverage. The broader bill was signed into law Tuesday by Mr. Obama.

The combined bills would create a 10-year, nearly $940 billion health program, according to the latest estimate by the nonpartisan Congressional Budget Office.

The legislation would provide tax breaks and subsidies to help small businesses and individuals purchase insurance, create state-based marketplaces to spur competition among insurers and bar insurers from engaging in a range of practices that critics contend have created gaps in coverage across the nation, including denying coverage because of preexisting conditions.

The CBO estimates 32 million more Americans would receive coverage by 2019, representing 94% of legal residents.

The legislation is financed by a range of new taxes and fees, including a levy on high-value insurance plans and reductions in Medicare payments to doctors and hospitals.

The smaller "sidecar" package was pieced together as part of an effort by Democratic leaders to build support in the House for the larger bill.

Among other things, the "sidecar" legislation would delay the effective date of a new tax on high-value insurance plans, pushing implementation back to 2018 from 2013. The legislation would close an unpopular gap in prescription-drug coverage under Medicare, the health-insurance program for seniors, and it would raise the value of federal subsidies that will help low- and moderate-income families purchase insurance.

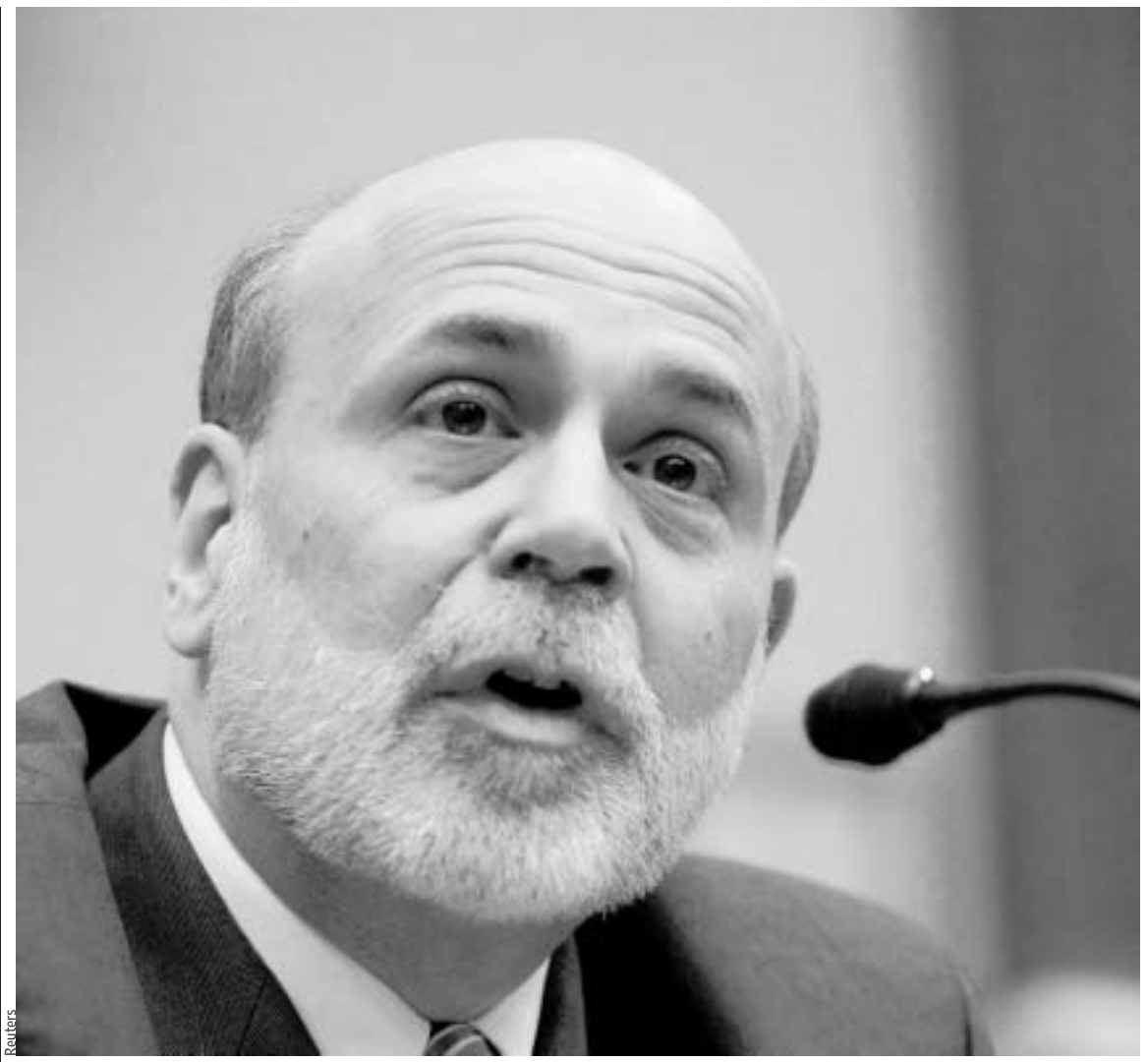
The measure also strips out a number of special deals cut by senators—such as added health spending for Nebraska—that had stirred public outrage and sowed doubts about Democratic efforts to push the bill through Congress.

The Senate debate has had none of the vitriol that defined the final hours of House action. But Republicans and Democrats have sparred sharply at times. And in a near round-the-clock session, Democrats were forced Wednesday and early Thursday to beat back a blizzard of Republican amendments.

"We need to get beyond this," said Mr. Reid.

"We're not giving up," said Senate Minority Leader Mitch McConnell. The Kentucky Republican said the legislation pending in the Senate would make the new health-overhaul law "even worse," and worked to stall action. "The administration and some in Congress would like to think this debate is over. They want the American people to sit down and quiet down," he said.

—Fawn Johnson contributed to this article.



Reuters

Fed Chairman Ben Bernanke said Thursday that raising the rate on excess reserves can restrain an overheating economy.

Fed chief backs low rates

Bernanke says central bank ready to prevent an inflation outbreak

By Luca Di Leo

WASHINGTON—Federal Reserve Chairman Ben Bernanke said Thursday record-low interest rates are still needed to support the U.S. economy, but the central bank has to be ready to tighten credit when needed to prevent inflation.

Outlining steps the Fed may take to tighten credit at a hearing before the House Financial Services Committee, Mr. Bernanke stressed the Fed is ready to act once the economy is strong enough.

"The economy continues to require the support of accommodative monetary policies," Mr. Bernanke said in prepared remarks. "However, we have been working to ensure that we have the tools to reverse, at the appropriate time, the currently very high degree of monetary stimulus."

The Fed chief added the central bank has full confidence that, when the time comes, it will be ready to act to prevent an outbreak of inflation.

Mr. Bernanke also told the panel he expects the Fed to gradually sell the huge amount of assets on its balance sheet as the economy improves.

He said the Fed would like to get back to an all-U.S. Treasurys portfolio and that, since allowing mortgage debt bought by the Fed to simply mature won't do the job fast enough, he anticipates "a gradual process" of asset sales at some point.

"We'd like the balance sheet to go back to something consistent with the pre-crisis" level, "to something under one trillion," Mr. Bernanke said.

To combat the worst financial crisis in decades, the Fed slashed short-term rates to near zero in December 2008 and implemented an array of emergency lending and long-term asset-purchase programs to keep long-term rates down. These moves led banks to accumulate more than $1 trillion in excess reserves held at the Fed, a move some economists fear could bring high inflation.

Mr. Bernanke said that by increasing the interest rate on excess bank reserves, the Fed will be able to put significant upward pressure on all short-term interest rates.

Raising the rate on excess reserves, a tool Congress gave the Fed the authority to use in October 2008, would give banks an incentive to park more funds at the Fed instead of lending it out to companies or households. In this way, the Fed would be able to restrain an overheating economy.

Mr. Bernanke said the Fed would be able to drain the huge bank reserves via reverse repurchase agreements and term deposits, giving it more control to steer the economy by increasing the interest paid on reserves.

Mr. Bernanke reiterated the central bank expects to conduct test transactions this spring on term deposits and to have the facility ready shortly thereafter.

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U.S. softens plan to sanction Iran

Washington backs off from seeking to choke off Tehran's access to international banking services and airspace

VIENNA—The U.S. has backed away from pursuing a number of tough measures against Iran in order to win support from Russia and China for a new United Nations Security Council resolution on sanctions, according to people familiar with the matter.

*By **David Crawford, Richard Boudreaux, Joe Lauria** and **Jay Solomon***

Among provisions removed from the original draft resolution the U.S. sent to key allies last month were sanctions aimed at choking off Tehran's access to international banking services and capital markets, and closing international airspace and waters to Iran's national air cargo and shipping lines, according to the people.

The U.S. and allies are trying to force Iran to rein in a nuclear program that they worry is aimed at developing atomic weapons.

Tehran says its nuclear activities are peaceful.

The U.K. and Germany, concerned that Russia and China would reject the resolution outright and preferring to turn up pressure on Iran gradually, persuaded U.S. officials to drop or soften several elements, including some of the document's harshest provisions, the people said.

U.S. officials said they wouldn't comment on the day-by-day negotiations taking place among the Security Council members. But they stressed that the Obama administration is seeking the toughest measures possible against Tehran while maintaining unity among the five permanent members of the Security Council and Germany, which are drafting the sanctions.

"We are seeking an appropriate resolution that puts significant pressure on the government," State Department spokesman P.J. Crowley said Wednesday. "We continue to consult with various countries, and it's our desire to maintain unanimity. It will be a strong united statement that Iran will have to pay attention to."

The disclosure of weakened proposals came as U.S. officials sought to persuade Russia and China to back measures against Iran in a conference call on Wednesday among the five permanent members of the Security Council and Germany, the first such meeting including China since mid-January.

Russia and China didn't endorse a draft resolution circulated by the U.S., but signaled that they were open to further discussions, people familiar with the matter said. Russian Deputy Foreign Minister Sergei Ryabkov told Interfax news service, "We are continuing the process of comparing the approaches of the parties and considering further options."

Russia and China also have been working in tandem to press Iran to accept a United Nations-brokered proposal to send uranium abroad for enrichment, Russian officials said Wednesday. The effort is unusual, coming from the two powers usually least inclined to lean hard on Tehran. "The clouds are gathering, and the position of Iran leaves less and less space for diplomatic maneuver," a senior Russian diplomat told reporters Wednesday.

The current resolution still would target major power centers in Iran, in particular the Islamic Revolutionary Guard Corps, the country's elite military force, according to a person familiar with the draft. It would also stiffen a broad range of existing sanctions, including the search and seizure of suspicious cargo bound for Iran through international waters and a ban on states offering financial assistance or credits for trade with Iran. If approved, they would be the most stringent measures Iran has faced.

Yet the original U.S. draft would have gone much further. The cargo sanctions initially named Iran Air and Islamic Republic of Iran Shipping Lines and demanded a blanket ban of their airplanes and ships from other countries' airspace or territorial waters. The revised version calls for interdiction only of shipments that would evade already-existing sanctions.

The earlier resolution would have made it difficult for Iran to insure imports and exports of oil and other essential commodities, by barring foreign insurers from serving international transport contracts from Iran.

The new draft calls only for unspecified "additional steps" to enforce current sanctions on insurance.

The previous draft would also have barred Iran's access to international capital markets by prohibiting foreign investment in Iranian bonds. The country hasn't traditionally relied on debt markets, but this month a state-owned Iranian bank, Bank Mellat, announced an offer to sell bonds valued at €1 billion ($1.35 billion) to fund development of a natural-gas field in South Pars. The new draft makes no mention of banning purchases of Iranian bonds.

The current draft notes "with serious concern the role of the Iranian Revolutionary Guard" in "Iran's proliferation sensitive nuclear activities and the development of nuclear weapon delivery systems," according to a person familiar with its contents.

The U.S. Treasury Department has identified billions of dollars in assets controlled by the Revolutionary Guard in financial and commercial sectors, including at least $7 billion in the energy sector and a controlling stake in Iran's largest telecommunications and fixed-telephone-line provider, Telecommunication Co. of Iran.

The draft would force an international freeze on the assets of the entire Revolutionary Guard and "any individuals or entities acting on their behalf or at their direction," and on "entities owned or controlled by them, including through illicit means," according to the person familiar with the draft.

If enforced, the proposed sanctions could force the Revolutionary Guard to divest itself of some of its holdings to prevent major disruptions in the economy.

The Revolutionary Guard's affiliation with the country's telecom operator, for example, could prompt foreign partners to stop connecting international calls.

Under previous U.N. Security Council resolutions, several named Revolutionary Guard entities with direct links to military programs and a handful of named senior commanders would be placed under sanction. The Revolutionary Guards as a whole and the companies in which they hold controlling economic interests, however, aren't currently sanctioned.

Though the sanctions under discussion would target the government, they would inevitably hit many Iranians as well, a senior European official with knowledge of the sanction preparations said. "We don't want to hurt the Iranian people," he said, but "people will be affected by the new sanctions."

U.S. officials acknowledge that there has been tension between seeking the strongest possible sanctions at the U.N. and still maintaining consensus among such skeptical Security Council members as China, Russia and Turkey.

This balance is also playing into the timing of when the U.S. will push for a new round of penalties. Secretary of State Hillary Clinton and other senior U.S. officials have said time is essential in confronting Tehran, and have cited April as a target date. But American officials have acknowledged that it may not be possible to meet this deadline due to the continued opposition from Beijing and Ankara. Negotiations, subsequently, could drag on into the summer.

U.S. officials said they are going to follow up any new sanctions that are enacted by the U.N. with a range of new measures that will be implemented either unilaterally by Washington, or with allied countries in Europe, Asia and the Middle East. The Obama administration has been holding meetings with so-called like-minded nations from outside the Security Council, such as Japan, South Korea, and the United Arab Emirates, which have extensive financial ties to Tehran.

"International pressure will be backed by steps that are taken nationally," Mr. Crowley said. "We are looking for sanctions that have bite."

China, which relies on Iran as a major supplier of oil, said last week that the standoff with Iran should be resolved through negotiations. U.S. officials have said in recent weeks that China remains the linchpin for successful sanctions being passed by the Security Council and have enlisted key Arab states, such as Saudi Arabia and the United Arab Emirates, to use their energy dealings with China as leverage to push Beijing for cooperation.

"I believe in the end the Chinese will be on board," said a senior U.S. official working on drafting the sanctions.

Russia has sent mixed signals in recent weeks over its willingness to impose tougher restrictions on Tehran. Just last week Russian Prime Minister Vladimir Putin said Moscow would assist Iran in starting a civilian nuclear reactor by July, against U.S. objections.

In a nod to Moscow, the resolution wouldn't sanction work on many existing energy projects, including the nuclear power plant Mr. Putin vowed to complete.

Russian analysts say Moscow is torn over the sanctions issue. It was blindsided last year by the disclosure of Iran's secretive nuclear work and embarrassed by Iran's subsequent rejection of the fuel-exchange proposal, which Russia had promoted.

On March 19, Russian Foreign Minister Sergey Lavrov said Iran's leaders were allowing an opportunity for mutually beneficial dialogue with the West to "slip away."

Russia doesn't want to push Iran to the point of quitting the International Non-Proliferation Treaty and barring nuclear inspectors, analysts say. In addition, industrial lobbies close to the Kremlin oppose sanctions that would jeopardize their sales of weapons and nuclear energy equipment to Iran.

One of the toughest proposed sanctions in the current draft is a comprehensive international arms embargo against Iran, a longtime goal of the U.S. Despite U.S. pressure to end weapons shipments, a number of countries continue to supply Iran with arms, however.

Softer line | How draft sanctions have changed

	FEB. 12 ORIGINAL	FEB. 18 REVISED
CARGO	Countries should deny Iranian state-owned air and shipping lines overflight or free passage for cargo shipments without permission of the U.N. Security Council.	The restriction should be limited to shipments that would evade existing sanctions.
FINANCIAL SERVICES	Countries must prevent the provision of insurance services to Iranian companies for international transport-related contracts.	Countries should 'take additional steps' to prohibit financial services or insurance that violate previous U.N. Security Council resolutions.
BONDS	Nations should prevent the purchase or sale of bonds from the government of Iran, the Central Bank of Iran or any entity or person acting on their behalf. Financial institutions would be prohibited from supporting such transactions in any way.	Nations should exercise 'vigilance' and require prior notification of such transactions in accord with previous U.N. Security Council resolutions. Makes no mention of Iranian bonds.

Agence France-Presse/Getty Images

Iranian President Mahmoud Ahmadinejad unveils nuclear fuel rods at a manufacturing plant province in April 2009.

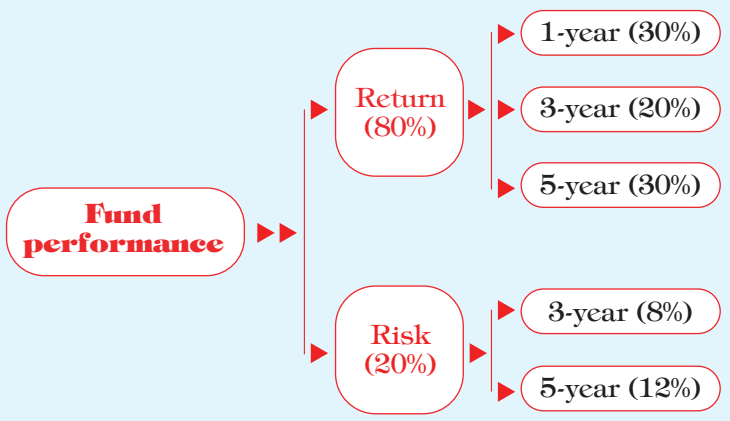
ADVERTISING SUPPLEMENT

MORNINGSTAR 2009 Fund Awards (Hong Kong)®

Congratulations to the Morningstar Fund Award (Hong Kong) Winners

This is the eighth year Morningstar presents the annual Fund Awards in Asia. Many of you may have participated with us in this remarkable annual event. If you're not, you can visit our website to explore all the details, but suffice it to say that our overwhelming objective has been to recognize those funds that had good performance in 2009, but most importantly that also delivered strong risk-adjusted returns for investors over the long haul, relative to appropriate benchmarks.

We know that there's often interest in who has fared best over a given year or three years, but such figures are often very poor predictors of who will do well in the future. We therefore focused on one-, three-, and five-year performance, looking at how funds fared relative to their Morningstar Category peers, after adjusting for risk. To adjust for risk, we used the Morningstar Risk measure, a state-of-the-art measure which uses utility theory to penalize funds more for downside variation in returns than for upside volatility, in keeping with actual investor concerns.



More than the quantitative selection criteria summarized in the flowchart here, we also incorporate qualitative ones. For example, if our fund analysts collectively believe that a fund's fundamental risks are just too high for performance to be sustainable, or if we think changes to the management team or structure of the fund could negatively impact future results, we won't give that fund an award.

Our new forward looking Qualitative Rating also helps in our qualitative checks. Experiences of our on-the-ground analysts and intensive manager meetings allow us to have better assessment to funds' fundamentals. Our Five Pillar approach (People, Process, Parent, Performance and Price) of the Qualitative Rating also gives us a more organized way to evaluate funds' qualities.

So without further ado, here are the winners for the 2009 Morningstar Fund Category Awards. We won't detail each fund here, but investors will notice a common thread: Many of the funds selected exhibited a fundamentally-oriented, long-term approach to investing, and a willingness to go against the crowd. That's no accident: following the herd is rarely a recipe for success, whilst original research and the courage to back your ideas with significant assets is often what sets the very best managers apart from the pack.

Morningstar Fund Awards	Award Winners	Morningstar Rating	Qualitative Rating
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Europe Large-Cap Equity	Threadneedle Pan European Fund	★★★★★	
Global Large-Cap Equity	ING (L) Invest Global Opportunities Fund	★★★★★	Superior
Greater China Equity	First State China Growth Fund	★★★★★	Elite
U.S. Large-Cap Equity	CIF US Growth and Income Fund	★★★★	
Asia-Pacific Equity	Schroder ISF – Emerging Asia	★★★★	Superior
Japan Large-Cap Equity	Fidelity Funds – Japan Advantage Fund	★★★★★	
Dollar High Yield Bond	AllianceBernstein – Global High Yield Portfolio	★★★	
Dollar Global Bond	Amundi Funds Global Bond	★★★★★	
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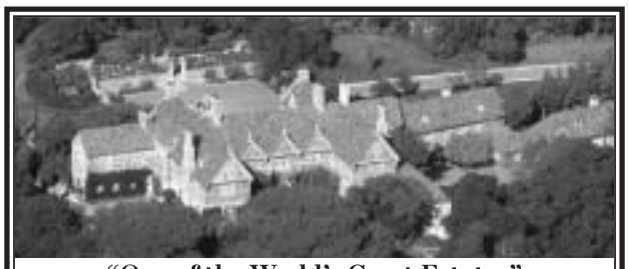

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WORLD NEWS

European Pressphoto Agency

Pakistani security forces destroyed houses of suspected Taliban militants near the Afghan border Wednesday.

U.S. commends Pakistan for its antiterror efforts

Some officials uncertain Islamabad is fully committed to the fight

By Peter Spiegel

WASHINGTON—The top U.S. foreign-policy officials have given their Pakistani counterparts a full public embrace, even as some senior Obama administration officials say they still need to be convinced that Islamabad is fully committed to eradicating Islamic militants based in the tribal regions bordering Afghanistan.

The public praise from the U.S., made as part of high-level bilateral talks Wednesday at the State Department and in Capitol Hill testimony, acknowledged some continuing differences. But the praise was otherwise almost unreserved—highlighting how central gaining Pakistani cooperation has become to the administration's highest-risk foreign policy challenges: dismantling international terrorist networks and stabilizing Afghanistan.

U.S. Secretary of State Hillary Clinton, who for the first time headed the Strategic Dialogue talks with her Pakistani counterpart Shah Mehmood Qureshi, declared "a new day" for bilateral relations and praised the Pakistani government for showing "courage and resolve" in its fight against militants.

"For the past year, the Obama administration has shown in our words and our deeds a different approach and a different attitude toward Pakistan," Mrs. Clinton said, in an address opening the talks and broadcast back to Pakistan.

Similarly, Defense Secretary Robert Gates and Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, testifying together on Capitol Hill, gave Pakistan plaudits for its army offensive against militants in the tribal regions, saying it's a sign of a shift in Pakistani thinking. "It has really been extraordinary, in my view, seeing what Pakistan has done over the last, really, more than a year," Mr. Gates said.

The public praise has raised expectations that the U.S. will be willing to accede to new Pakistani requests for economic and military aid, contained in a 56-page document presented to Obama administration officials ahead of the two-day summit.

According to U.S. and Pakistani officials, the requests range from assistance in alleviating Pakistan's chronic water and power shortages to military surveillance aircraft, including drones.

"They are getting the type of treatment they know they don't usually get," said a U.S. official involved in Pakistan issues. "They know there is an appetite in Washington to listen to them."

At a news conference at the end of the day's meetings, Mrs. Clinton said there was progress on development fronts, including an agreement to upgrade roads, rehabilitate power plants and improve agricultural infrastructure. Mr. Qureshi said the two sides had also agreed to speed up the processing of Pakistani requests for military equipment. Mrs. Clinton said the U.S. expressed its desire to seek a multiyear security assistance package.

But several of the Pakistani requests—particularly a desire for a formal pact on civilian nuclear assistance, akin to a deal reached in 2008 between the U.S. and India—are seen as nonstarters. And despite a spate of recent captures of Afghan Taliban leaders by Pakistani security forces, and the upbeat tone of Wednesday's talks, some senior U.S. officials said they are still watching to see if Islamabad has truly changed course.

In his morning remarks, Mr. Qureshi appeared to address that skepticism, saying he expected "doubt from within" as talks between the two countries continued. But standing next to Mrs. Clinton at the afternoon news conference, Mr. Qureshi said he was "a happy man and a satisfied man," adding that his reception this week was a "180-degree difference" from previous trips to Washington. "We've turned the corner," Mr. Qureshi said. "Today, there was confidence. There were no question marks. There was no suspicion. There was no 'Do more.' There was recognition of what we already had done."

Behind closed doors, U.S. officials said the Obama administration will continue to press for a crackdown on militant groups based in Pakistan that are active inside Afghanistan: the Afghan Taliban, based in the city of Quetta, and the Haqqani network, which operates out of North Waziristan. Thus far, Pakistani offensives have largely focused on the Pakistan Taliban.

—Jay Solomon contributed to this article.

Associated Press

Pakistani Foreign Minister Shah Mehmood Qureshi with Hillary Clinton.

At Dartmouth, chief faces cuts

Hard-hit endowment prompts tough choices

By Gina Chon

Dartmouth College President Jim Yong Kim was only months into his new job last year when he learned that Dartmouth's endowment had dropped 23% in the 2009 fiscal year.

That brought the fund's value down by nearly a billion dollars and meant a cut of roughly $50 million in the New Hampshire school's annual operating revenue. Dartmouth relies on its endowment for about 35% of its revenue.

Dartmouth responded by raising tuition 4% and becoming the first among its Ivy League peers that offered blanket no-loan financial aid to impose limits on its program, which fully funds the cost of college without requiring families to take out loans.

Almost half of students in the classes of 2012 and 2013—the only eligible current classes—receive the no-loan package.

Dartmouth will require students from families making more than $75,000 a year to take out a maximum of $5,500 in loans, beginning with the Class of 2015.

'The actual cost of educating a single undergraduate student is $100,000 a year. So the cost is more than we charge. That is very difficult model to sustain.'

Many other Ivies, including Harvard and Yale universities, also saw big endowment declines and responded with budget cuts and tuition increases of their own.

A Korean-born, Harvard-educated doctor considered a leader on the subject of health care in developing countries, Dr. Kim took the helm at Dartmouth on July 1. The Wall Street Journal recently talked with Dr. Kim, 50 years old, about his initiation into the finances of elite education, from budget cuts to student aid to endowment management.

Here are edited excerpts from the interview.

WSJ: How surprised were you about the school's financial predicament?

Dr. Kim: I thought I was going to take the first year just to learn about Dartmouth and ask a lot of questions. I did not think I would have to make a lot of tough decisions.

I had never been involved in investments. I had no idea what a hedge fund was. Bill Helman, a principal at venture-capital firm Greylock Partners and an active Dartmouth alumnus, came here and did a two-day tutorial with me. I felt like I had to get to a point where I could explain to the faculty, the board, alums, everyone in our community what the situation was.

So I asked how we can make $100 million in cuts so we are basically done with budget cutting. We've only had 38 layoffs so far this year. That's part of about 85 jobs eliminated over a two-year period.

WSJ: How difficult was it to decide to limit the no-loan aid program, especially when most of the other Ivies still have it?

Dr. Kim: When you lose a billion, it's hard to maintain a commitment to such a generous loan policy. Once again, we took a simple-minded approach.

By going back on the no-loan, would we be stepping back from need-blind aid? The answer was absolutely no.

WSJ: Will there be exceptions?

Dr. Kim: We will tell every single candidate this and we will also be very clear: If you get another offer and we really want you to come to Dartmouth, we'd be happy to match it.

WSJ: Beyond aid, how did you decide what to cut?

Dr. Kim: One of my closest friends is Michael Porter, a Harvard Business School professor who is seen as a leading thinker on management, strategy and competitiveness. Mike's advice was, don't do an across-the-board percentage decrease, that's not strategic.

So we hired someone who had worked at Deloitte & Touche, who brought that culture here, the way they do deep dives of system and processes. We re-examined our procurement strategies for things like trash bags, paper towels, toilet paper and hand soap.

By consolidating the number of different products we were using across departments, decreasing the size of the trash bags to minimize waste, and bidding with new suppliers, we will see a savings of over $294,000 per year.

WSJ: Dartmouth has been without a chief investment officer since June. What are your plans about the endowment?

Dr. Kim: We have Steve Mandel [head of Dartmouth's investment committee and founder of money-management firm Lone Pine Capital]. We also have a great team, which has been responsible for annual returns of 8% over the last 10 years. But we're trying to figure out now where we go from here and whether we continue in this arrangement or if we need to hire a chief investment officer. I think everyone thinks it's too optimistic to assume we've had a couple of tough years, but we're going to get back to 10% [endowment] growth. We're trying to be conservative and assume flat to little growth in the endowment for the near future.

WSJ: How certain are you Dartmouth won't have to make more major changes?

Dr. Kim: By the end of April, our active period of budget cutting is over. The larger question is how are we going to sustain this model among elite institutions. The actual cost of educating a single undergraduate student is $100,000 a year. So the cost is more than we charge. [Next year's annual total cost of tuition, room and board and fees for students will be $52,275.] That is very difficult model to sustain. You have to make up the rest from donations and payout from the endowment. We're all struggling with this.

Jodi Hilton for The Wall Street Journal

Jim Yong Kim, considered a leader on health care in developing countries, became Dartmouth president July 1.

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ObamaCare Day One

Democrats dragged themselves over the health-care finish line in part by repeating that voters would like the plan once it passed. Let's see what they think when they learn their insurance costs will jump right way.

Even before President Obama signed the bill on Tuesday, Caterpillar said it would cost the company at least $100 million more in the first year alone. Medical device maker Medtronic warned that new taxes on its products could force it to lay off a thousand workers. Now Verizon joins the roll of businesses staring at adverse consequences.

In an email titled "President Obama Signs Health Care Legislation" sent to all employees Tuesday night, the telecom giant warned that "we expect that Verizon's costs will increase in the short term." While executive vice president for human resources Marc Reed wrote that "it is difficult at this point to gauge the precise impact of this legislation," and that ObamaCare does reflect some of the company's policy priorities, the message to workers was clear: Expect changes for the worse to your health benefits as the direct result of this bill, and maybe as soon as this year.

Mr. Reed specifically cited a change in the tax treatment of retiree health benefits. When Congress created the Medicare prescription drug benefit in 2003, it included a modest tax subsidy to encourage employers to keep drug plans for retirees, rather than dumping them on the government. The Employee Benefit Research Institute says this exclusion—equal to 28% of the cost of a drug plan—will run taxpayers $665 per person next year, while the same Medicare coverage would cost $1,209.

> Companies are already warning about higher health-care costs.

In a $5.4 billion revenue grab, Democrats decided that this $665 fillip should be subject to the ordinary corporate income tax of 35%. Most consulting firms and independent analysts say the higher costs will induce some companies to drop drug coverage, which could affect about five million retirees and 3,500 businesses.

Not only will it become more expensive to offer these benefits, but U.S. accounting laws also require businesses to immediately restate their earnings in light of the higher tax burden on their long-term retiree health liabilities. This will have a big effect on their 2010 earnings.

At any rate, businesses don't simply roll with the punches as they come, but plan ahead to meet future expectations about taxes, political interference and so forth.While the drug tax subsidy is for retirees, companies consider their benefit costs as a total package. The new bill might cause some to drop retiree coverage altogether. Others may be bound by labor contracts to retirees, but then they will find other ways to cut costs. This means raising costs or reducing coverage for other employees.

In its employee note, Verizon also warned about the 40% tax on high-end health plans, though that won't take effect until 2018. "Many of the plans that Verizon offers to employees and retirees are projected to have costs above the threshold in the legislation and will be subject to the 40 percent excise tax." These costs will start to show up soon, and the tax is unlikely to drive down costs. The tax burden will simply be spread to all workers—the result of the White House's too-clever decision to tax insurers, rather than individuals.

A Verizon spokesman said the company is merely addressing employee questions about ObamaCare, not making a political statement. But these and many other changes were enabled by the support of the Business Roundtable that counts Verizon as a member. Verizon CEO Ivan Seidenberg's health-reform ideas are 180 degrees from Mr. Obama's, but Verizon's shareholders and 900,000 employees and retirees will still pay the price.

Businesses around the U.S. are making the same calculations as Verizon and no doubt sending out similar messages. It's only a small measure of the destruction that will be churned out by the rewrite of health, tax, labor and welfare laws that is ObamaCare, and only the vanguard of much worse to come.

Europe's Cap-and-Trade Lesson

Having at last fixed America's health-care system once and for all—or maybe not—Congressional Democrats are promising to apply themselves to the task of imposing legislative curbs on carbon. So it's a good time to see how a prototype cap-and-trade scheme, the European Union's Emission Trading System, is faring. So far, not so good.

Last week, spot trading on the ETS ground to a complete halt for three days after a scandal erupted over players gaming the system. In this case, the government of Hungary admitted to reselling "certified emission reduction" (CER) credits that companies had already relinquished, or "spent." These credits mark out a project, such as reforesting, to counteract a company's carbon emissions. Once such a CER has already been counted in the EU, regulators would prefer that it not be resold and, hence, risk being double-counted. By reselling the credits, the Hungarian government was, in effect, being rewarded for planting the same tree twice.

It turns out, however, that the fault here was not mainly with the Hungarians, since the recycled credits did not violate ETS rules. Nor, until last month, did regulators check whether CERs were new or used. So Budapest went ahead and started reselling a portion of its 1.7 million used CERs, worth close to €20 million at the current spot price, and some of them wound up on NYSE Euronext's BlueNext exchange. Once they were discovered, BlueNext blocked recycled CERs and shut down spot trading for three days—not so much out of environmental outrage but because traders needed to make sure the CERs they were buying on BlueNext could be legitimately re-sold in Europe.

> Market-based environmentalism, or a boondoggle?

This is merely the latest in a string of embarrassments that have plagued the system. European authorities admitted last year that in certain countries, 90% of the trading volume was taken up by value-added-tax fraud. Sandbag, a British advocacy group, reported in February that metals firms ArcelorMittal, Salzgitter, U.S. Steel and Corus were among companies granted more emission permits than they needed. In ArcelorMittal's case, according to Sandbag, those spare permits amounted to €202 million in asset value in 2008. Last year, Corus announced it was closing a steel plant in Britain and laying off 1,700 workers, for which the company reaped a windfall in carbon allowances.

Proponents of cap-and-trade argue that the ETS's problems mainly amount to ironing out the wrinkles while applying its rules globally to create a seamless, worldwide market. They are also fond of pointing out that a cap-and-trade regime used in the U.S. since 1990 to reduce outputs of sulfur dioxide and nitrogen oxide has worked.

Yet the success of that scheme has much to do with the fact that the technologies to taper emissions, such as "scrubbers" in power plants, were already widely available when the regulations went into force, unlike current alternatives to fossil fuels. As for those "wrinkles" in the ETS, the scheme has been tinkered with several times since it was established in 2005, and is currently in the second phase of implementation.

Our liberal friends may be inclined to think that if a program fails at a local level, it's only because it wasn't sufficiently well-funded, or intrusive, or uniform, or global. For the rest of us on both sides of the Atlantic, the ETS is a cautionary tale in how quickly environmental policy engineering degrades into rent-seeking for the fortunate few.

Reconciling Mr. Nelson

The Senate began work Tuesday on the House's "reconciliation" bill that will add even more taxes and spending to ObamaCare. Guess who's already declared himself firmly, forthrightly, unabashedly in opposition?

None other than Ben Nelson, who on Christmas Eve became the most famous Nebraskan not named Buffett when he cast the 60th and decisive vote for the Senate health-care bill. The House ratified that legislation on Sunday, and after President Obama signed it on Tuesday it is now the law of the land. Had Mr. Nelson voted no or even delayed the debate past the special Massachusetts Senate election, the bill would have died. So it's not too much to say that Mr. Nelson personally made ObamaCare happen.

Yet that bill has turned out to be wildly unpopular, not least in his home state. You'll recall that Mr. Nelson had insisted on the Cornhusker Kickback to secure his vote—$100 million to cover the state's new Medicaid costs—but Nebraska state voters hated the overt bribery.

Mr. Nelson then disavowed his own kickback, and the White House tried to ease his pain by applying that same lagniappe to . . . every other state! That is adding $30 billion more to the ObamaCare tab via the reconciliation fix, so Democrats looked around for more revenue and added a new 3.8% tax on investment income of taxpayers making more than $200,000. Thanks again, Ben.

Nebraska Attorney General Jon Bruning was among 13 AGs who within minutes of President Obama's signature yesterday had sued to derail the law.

The third-term Democrat is nothing if not resilient, however, and on Monday (after the decisive House vote) he became among the first in his party to come out against reconciliation. Mr. Nelson declared that he's especially troubled about the payroll tax he helped to facilitate, not to mention the various "add-ons" that have pushed "the total cost of health reform up billions of dollars." Heaven forbid the cost would be more than the $871 billion he supported in December.

As a political matter in the Senate, Mr. Nelson's new opposition is irrelevant. Majority Leader Harry Reid needs only 50 votes (plus Joe Biden) to overcome Republican challenges to the bill, so he can let Mr. Nelson take a walk whenever he wants. In fact, this is a major political goal of reconciliation: Let vulnerable Democrats take a pass on the toughest votes, such as new taxes and Medicare cuts. Then they can tell their constituents that they voted against ObamaCare after they voted for it.

Arkansas's Blanche Lincoln has also come out against reconciliation, and expect more Democrats to follow, even if every one of them enabled it on Christmas Eve. But hold a special place in your memory for Mr. Nelson, without whom none of this would be possible.

OPINION

Delhi Lacks All Credibility on Inflation

By David Roche

Inflation in emerging economies is on the rise, and nowhere more so than in India, where policy makers are struggling with accelerating, double-digit price rises. But Delhi's ability to handle the crisis is hampered by the fact that Delhi created the problem in the first place.

Reserve Bank Governor Duvvuri Subbarao has clearly been behind the curve. The central bank held interest rates at 3.25% throughout last year and only increased banks' cash reserve ratios slightly. The central bank created more money than there was demand for—and the value of the rupee fell.

India's growth potential will be capped if government spending isn't controlled.

As a result, India is now running the highest inflation rate in Asia. Wholesale price inflation reached 9.9% in February, the latest data point, compared to a year earlier. Manufacturing prices rose 7.5%. On a quarterly annualized basis, Indian wholesale prices were up 13%, compared to just 3.6% in China.

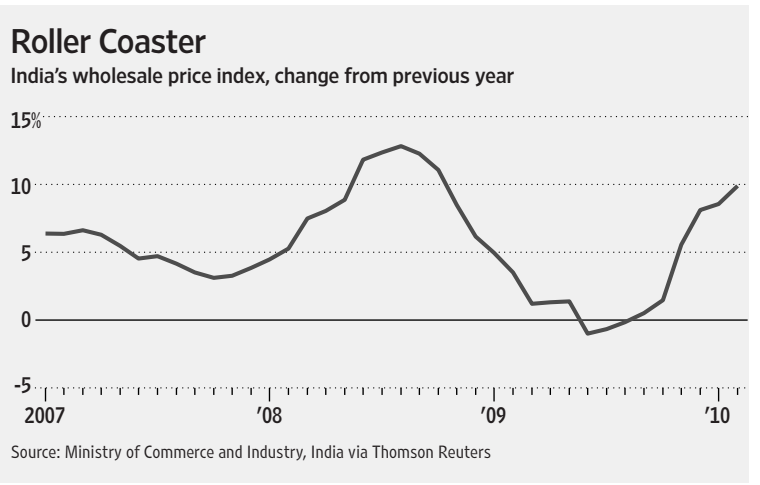
In response, the central bank hiked its repo rate—the main policy rate—by 0.25%. But that's a small move that will have little effect on slowing credit creation.

More must be done. Monetary authorities have two main weapons in trying to curb inflation: They can try to increase the cost of capital by raising interest rates or they can try to push up the value of their currency relative to those of their trading partners so that imported price inflation is moderated.

The problem for India is that currency appreciation is not an option. While letting the currency appreciate may help to moderate inflation in Asian economies like Singapore with a huge external trade sector, it has much less effect in India, which is dominated by its domestic sector. A 1% change in the trade-weighted value of Singapore or Hong Kong dollar will affect inflation in those economies by 0.5% within six months. In India, a similar move in the currency would deliver less than 0.2% on inflation.

So that leaves monetary policy. The Bank may be hesitant to raise rates for fear of attracting an influx of short-term foreign portfolio capital, or "hot money," that could fuel asset-price bubbles. India's foreign capital inflows are primarily based on portfolio investment into Mumbai's stock market and other financial assets rather than from direct investment. In 2009, net portfolio inflows were the biggest in 18 years. Higher interest rates could attract even more capital.

The Bank may also be gun-shy because Delhi's politicians have racked up the highest government deficit as a share of GDP in Asia. The fiscal balance for the public sector has reached 11% of GDP, now in the same league as the madhouse fiscal balances being generated in sovereign-risk economies of the Eurozone, the United States, Britain, and of course, Japan. If the Reserve Bank raises rates too quickly, it will put too big a burden on the government's debt servicing costs. The public sector will then start to "crowd out" the private sector for funds to invest and grow the economy. And India's growth potential will be capped.



It's already happening. Central government debt exceeds 60% of GDP and consolidated public sector debt is near 80%, very high for an Asian country. Debt servicing now takes up 3% of GDP and 20% of government spending. This running sore on public finances has led to a chronic inability to improve the infrastructure of the economy—thus the contrast between India's vibrant businesses and its hopeless roads, rail and air transport.

So far, the Congress Party-led government hasn't shown much willingness to tackle these problems. Congress raised public-sector wages and promoted large agricultural subsidies to win office again last year. In its last budget, the government announced that it would end fiscal stimulus and targeted a reduction in the central government deficit to 5.5% of GDP from 6.9% for the year just ending. But this excludes off-budget borrowing and depends mainly on asset sales and achieving real GDP growth of 9%. Given that tax revenues are just 8% of GDP, a very low base, boosting tax rates will not do the trick.

And we have heard all this before from Indian governments: an optimistic forecast of reduced deficits, while also expanding infrastructure spending. Given that asset sales have always been hard to deliver and that the real central government deficit including off-balance sheet items is more like 8% of GDP, these targets are not going to be met.

Reserve Bank Governor Subarrao is well aware of this conundrum and is no doubt lobbying the government for fiscal prudence. And there are many in the government equally cognizant of what "big government" has done and will do to destroy economic growth. But knowing something and doing something are two different things.

The irony is that India has growth potential even greater than China's. It has the highest household savings rate in Asia at 32% of disposable income, with 65% of annual national savings coming from households compared to under 40% in China.

India also has natural economic growth in that its growth in recent years has come from domestic demand and employment, not net exports. Half of India's annual 7% real growth came from private consumption and less than 10% from external demand. By comparison, about two-thirds of China's average 10% real GDP growth in the 1990s came from exports and export-driven investment; only about 25% from private consumption. India is much less dependent on global demand for its prosperity.

And then there's employment. India's workforce has been growing at nearly 2% a year in the last decade, while China's grew at less than 1% and that growth in China's labor force will disappear in this next decade.

But all these long-term structural advantages contrast with appalling public finances and the risk of credit-fuelled inflation. Much firmer policy action is needed to reduce the size of government and its profligacy. If action is not taken soon, then the government's target for nominal GDP growth of 12%, made up of 9% real growth and 3% inflation, will look increasingly silly. At best, it will be met by a much higher proportion of inflation than real growth; at worst, growth will pared by the need to curb inflation.

Mr. Roche is president of Independent Strategy, a London-based consultancy, and co-author of "New Monetarism" (Lulu Enterprises, 2007).

Don't Push the WTO Beyond Its Limits

By James Bacchus

Members of Congress have introduced legislation aimed at pressing President Barack Obama to designate China as a "currency manipulator" under United States law. They need to take a deep breath and think about the potential consequences. Doing so would—if further negotiations failed—likely result in litigation at the World Trade Organization. Whether the U.S. or China prevailed, a WTO case would be self-defeating for both countries and disastrous for the global trading system.

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The premise behind this push is that the undervaluation of the Chinese currency gives mainland companies an unfair advantage in world trade. Many Americans think the yuan has driven up the U.S. trade deficit and depressed U.S. job-creation during the current economic crisis. Whatever the merits of this argument, proposals to coerce China into revaluation are increasingly appealing politically in the U.S.

However, what is appealing politically would be difficult to accomplish legally. Most likely, WTO litigation would unfold in one of two possible ways under WTO rules on which both China and the U.S. have agreed.

The first possibility is that the U.S. would—as the new Congressional proposals envisage—impose "countervailing" duties on Chinese exports to the U.S. to counter the alleged "subsidy" granted to those exports by an undervalued currency. This would invite a suit by China against the U.S. in the WTO, where China would likely contend that its currency practices are not "subsidies" under WTO rules, and so cannot be subjected to countervailing duties.

Congressional calls for action have pointedly asserted that Chinese currency practices are "financial contributions" that provide a "benefit" that is "specific" to certain Chinese industries. These are all essential legal elements in the internationally agreed definition of a "subsidy" in the WTO treaty. But it is one thing to make an assertion as part of the political debate in Washington; it is quite another to prove it in an international legal proceeding before WTO judges in Geneva.

AP Photo
U.S. senators discuss proposed legislation to label China a "currency manipulator."

The second possibility is that the U.S. would—as the new Congressional proposals also contemplate—sue China in the WTO alleging that China's exchange actions are inconsistent with China's international obligations under the WTO treaty. A provision in part of that treaty, the General Agreement on Tariffs and Trade, states that WTO Members "shall not, by exchange action, frustrate the intent of the provisions of" the treaty. This provision has been part of the GATT for more than 60 years, but it has never been the subject of dispute settlement. There is no clear understanding among WTO Members of what it means.

The legal challenge for the U.S. in bringing such a suit would be two-fold. The Obama administration would have to convince the WTO judges that the word "frustrate" in this provision means what the U.S. thinks it means. Furthermore, the U.S. would have the burden of proving that China has, by its exchange actions, caused such frustration.

Such a U.S. case against China in the WTO would be helped if the International Monetary Fund first concluded that China has engaged in currency manipulation to achieve an unfair trade advantage. But getting the IMF to do so would likewise present a challenge for the U.S.

The strain of dealing with either of these two possible cases would stretch the political limits of the WTO. Both China and the U.S. depend daily on the existence and the reliability of a rule-based global trading system. Do they really want to risk it over this issue?

Moreover, the example of such cases could inspire still more WTO cases—against China and the U.S. Does China want other member states to file similar complaints? Does the U.S. want other members to claim that the new U.S. push for exports, coupled with low U.S. interest rates, is another form of currency manipulation?

China and the U.S. need each other, economically and otherwise. The two countries must come to some understanding on trade that will ensure compliance with their mutual WTO obligations. They must both understand as well that, whatever the risks may be domestically for each of them in continuing to play by the established international rules on trade, the risks that would result from departing from those rules in the face of the mounting domestic political pressures in both countries would be far greater.

It is in the best interest of both countries to continue negotiating on the currency issue rather than resorting to litigation at the WTO. On this issue especially, litigation should be the last resort.

Mr. Bacchus is a former chairman of the World Trade Organization's Appellate Body, congressman and U.S. trade negotiator. He is currently a partner at Greenberg Traurig in Washington.

IN DEPTH

Reuters

French President Nicolas Sarkozy, Spanish Prime Minister Jose Luis Rodriguez Zapatero, Greek Prime Minister George Papandreou and German Chancellor Angela Merkel at the EU summit on Thursday.

Europe crisis presents choice between growth or safety net

Appetite for overhaul is low among Europeans, who believe capitalism should be tempered by state benefits

By Marcus Walker and Alessandra Galloni
Berlin

European leaders gathered for a summit in Brussels on Thursday are sprinting to resolve the crisis in Greece. But a growing number of policy makers say the true remedy for the euro zone's crisis of confidence lies elsewhere—in an overdue shake-up of the region's major economies, including Germany and France.

Fears that European Union leaders would fail to patch up their differences over possible aid for Greece pushed the euro to a 10-month low Wednesday. The common currency rebounded from that fresh 10-month low of $1.3283, reached during overnight trading, after ECB President Jean-Claude Trichet removed a threat that the bank might not lend against the security of Greek bonds next year. Late morning in New York, the euro was at $1.3361 from $1.3324 late Wednesday.

Portugal's credit rating was downgraded by Fitch Ratings, underscoring the risk that Greece's budget crisis could spread to other struggling countries.

The turmoil is a world away from the vision that accompanied the euro's launch in 1999. Then, champions of the common currency forecast a European Renaissance prompted by efforts to modernize inefficient welfare states and loosen overregulated markets. A decade later, the euro zone is struggling to join the global economic recovery.

Its 16 member nations now face a stark choice. They can spur economic growth across the region by following through on long-overdue pledges to trim benefits and free up labor markets. Or, many economists say, they can face a decade of economic stagnation.

Countries across the zone lost dynamism during the common currency's first decade, with annualized growth of 1.7% from 2000 to 2008, down from 2% growth in the 1990s. The next decade could be worse: Higher public debts and a surge of retirees will push up taxes and weigh on companies and consumers.

"The real question this crisis poses to all of us is: What will be the capacity of countries to accept true reform?" says former French finance minister Thierry Breton, who is now chairman and chief executive of information-technology services company **Atos Origin** SA.

At Thursday's summit, leaders from the 27-nation European Union—of which the euro zone is the financial core—gathered to discuss the continent's broad economic goals for the next 10 years. Their plan for looking past a possible Greek default has global ramifications. The euro zone is the world's largest unified economy after the U.S., and a major source of world demand for goods and services. A sluggish Europe makes it harder for the world economy to find more balanced and sustainable growth.

But the appetite for structural overhaul is low among Europeans, who have long believed that capitalism should be tempered by generous state benefits and strong labor protections.

Even in the best of times, Europeans are loath to move toward a U.S.-style economic model, which they criticize for leaving citizens to sink or swim. In bad times, voters tend to demand economic security over change. French conservatives' stinging defeat in regional elections over the weekend was a warning that many people voters have soured on President Nicolas Sarkozy's bid to make France more business friendly and reduce some welfare benefits.

While the euro zone as a whole addresses its economic malaise, there's also rising political tension over the diverging competitiveness within the region. German companies' efforts to cut labor costs in recent years have helped them to win a rising share of Europe's markets. But export prowess has come at a cost for German households, whose incomes have stagnated, hurting consumer demand in Europe's biggest national market.

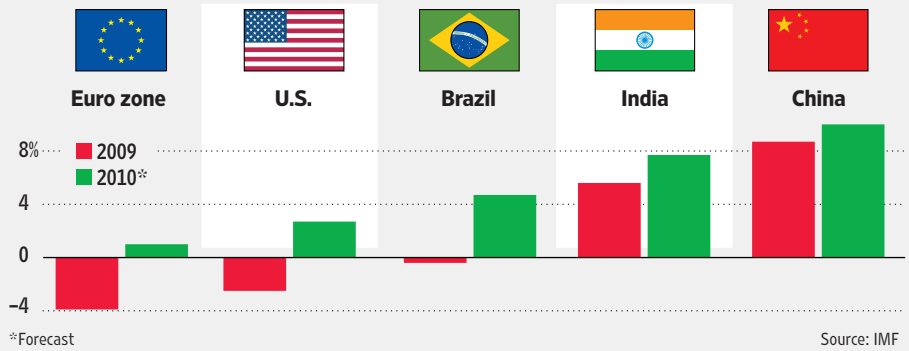
French Finance Minister Christine Lagarde has repeatedly chastised Germany over the past week for not generating enough demand for its neighbors' goods. German politicians have countered that France and Southern European nations need to make their own industries more competitive.

Despite its strong exports, Germany's overall economic growth has been weak for years, a sign that even Germany has hard choices ahead.

"The euro was supposed to achieve higher productivity and growth by bringing about a deeper integration between econo-

Lagging behind

The euro zone is recovering more slowly, as measured by annual change in GDP, than the U.S. and many emerging economies.



*Forecast

Source: IMF

mies," says Simon Tilford, chief economist at the Centre for European Reform, a London think tank. "Instead, integration is slowing. The lack of flexibility in labor and product markets raises serious questions about the likelihood of the euro delivering on its potential."

Structural changes are the last great hope in part because euro zone members have few other levers for lifting their economies. Individual members can't tweak interest rates to encourage lending, because those policies are set by the zone's central bank. The shared euro means countries don't have a sovereign currency to devalue, a move that would make exports cheaper and boost receipts abroad.

The EU's 16 member nations now face a stark choice. They can spur growth by following through on long-overdue pledges to trim benefits and free up labor markets. Or they can face a decade of economic stagnation.

The remaining prescription, many economists say: chip away at the cherished "social model." That means limiting pensions and benefits to those who really need them, ensuring the able-bodied are working rather than living off the state, and eliminating business and labor laws that deter entrepreneurship and job creation.

That path suits Carlos Bock. The business-studies graduate from Bavaria spent months navigating Germany's dense bureaucracy in order to open a computer store and Internet café in 2004. Before he could offer a Web-surfing customer a mug of filter coffee, he said, he had to obtain a license to run a "gastronomic enterprise." One of its 38 requirements compelled Mr. Bock to attend a course on the hygienic handling of mincemeat.

Mr. Bock closed his store in 2008. Germany's strict regulations and social protections favor established businesses and workers over young ones, he said. He also struggled against German consumers' reluctance to spend, a problem economists blame in part on steep payroll taxes that cut into workers' takehome pay, and on high savings rates among Germans who are worried the country's pension system is unsustainable.

"If markets were freer, there might be chaos to begin with," Mr. Bock said. "But over time we'd reach a better economic level."

Even in France, some erstwhile opponents of reforms are changing their tune. Julie Coudry became a French household name four years ago when she helped organize huge student protests against a law introducing short-term contracts for young workers, a move the government believed would put unemployed youths to work.

With her blonde locks and signature beret, Ms. Coudry gave fiery speeches on television, arguing that young people deserved the cradle-to-grave contracts that older employees enjoy at most French companies. Critics in France and abroad saw the protests as a shocking sign that twentysomethings were among the strongest opponents of efforts to modernize the European economy. The measure was eventually repealed.

Today, the now 31-year-old Ms. Coudry runs a nonprofit organization that encourages French corporations to hire more university graduates. Ms. Coudry, while not repudiating her activism, says she realizes that past job protections are untenable.

"The state has huge debt, 25% of young people are jobless, and so I am part of a new generation that has decided to take matters into our own hands," she says. "We've decided that we can't expect everything from the state."

The euro itself was supposed to help cure Europe's sclerosis. Launched in 1999, the single currency had an immediate impact by smoothing cross-border trade, travel and flow of workers.

Yet efforts to undergird longer-term growth were feeble. Euro zone members agreed in the late 1990s on fiscal rules that capped annual budget deficits at 3% of gross domestic product, and limited overall public debt at 60% of GDP. But governments that fell short weren't penalized: In 2003, euro zone finance ministers voted down a proposal to subject France and Germany to a legally binding decision to reduce deficits.

Governments also didn't embrace the EU's so-called Lisbon agenda of 2000, which outlined structural overhauls that many economists said would prepare Europe's economies to adjust to globalization and aging populations. The agenda's long list of reforms, from making it easier to start a business to increasing spending on research and development, included no enforcement mechanism.

Former Italian Prime Minister Romano Prodi, who was one of the single currency's foremost advocates in the 1990s, says the attempt at economic integration was "half-baked."

"There are differences, even budgetary ones, among U.S. states—but there is also a central government with an economic policy," he says. "Europe wasn't ready to accept this. There was no political will to go further."

Overhauls were left to national governments. Some made progress initially. Starting in 2003, German Chancellor Gerhard Schröder shattered European taboos by slashing benefits and pushing the long-term unemployed back to work. In Italy in 2004, Prime Minister Silvio Berlusconi's government accelerated a 1996 pension overhaul that changed the rules by which employees could retire, aiming to reduce the state's future social spending.

These changes proved to be the high-water marks. Europeans voted out many of the politicians who engineered them. After Mr. Schröder's government fell in 2005, new chancellor Angela Merkel quickly backed away from her unpopular proposals to shrink the German state and deregulate the labor market. She reinvented herself as a consensus-seeker, diluting Mr. Schröder's benefit cuts.

Ms. Merkel said in an interview last year that the German economy is healthier now than under her predecessor and no longer needs as much overhaul.

German businessman Stefan Kirschsieper doesn't buy it. "At the moment, nobody in German politics is thinking strategically about the big reform questions," says Mr. Kirschsieper, head of family-owned toolmaker **Walter Kottmann** GmbH and chairman of Germany's young entrepreneurs' federation. He says he has been deterred from adding new workers in part because of high payroll taxes and laws that make layoffs bureaucratic and costly.

In France, Mr. Sarkozy won the presidency in 2007 with calls for a revitalized French work ethic that would energize the nation's solid but sluggish economy. He cut some taxes for individuals and businesses, allowed more price competition in the retail sector, relaxed rules for starting a business and diluted the extent of a law mandating a 35-hour work week. He also promised to reduce the number of civil servants.

But as the financial crisis unfolded and his popularity declined, Mr. Sarkozy also showed his attachment to traditional French *dirigisme*, or state intervention in business. He set up a fund for building government stakes in industry, granted loans to carmakers **Renault** SA and PSA **Peugeot-Citroen** on condition that they wouldn't close factories and granted tax cuts to companies that vowed not to cut jobs.

In late 2008, he mused: "Have I become a socialist? Perhaps."

So far, Mr. Sarkozy and his EU peers have failed to find a solution to a major big long-term problem created by Europe's welfare traditions—how to create opportunities for a new workforce while shielding the existing one.

Around 21% of all euro-zone workers under the age of 25 were unemployed in the fourth quarter of 2009, compared with under 9% of workers 25 and over, according to the Organization for Economic Cooperation and Development. An insecure younger generation that can often find only temporary jobs will be asked to shoulder the burden of their elders, who are living off state pensions in steadily increasing numbers.

"I only know one person who went straight from university to a job. Everyone else is unemployed, or studying for another degree because there are no jobs," says Katerina Karamatsiou, a 26-year-old Athenian.

Ms. Karamatsiou lives with her parents—who have solid jobs in accounting and banking—and says that generation has stitched up the job market. She's thinking of looking for work in the U.K., which is outside the euro zone but also struggling with high debts and slow growth. "It can't be worse than here," she says.

Politicians across Europe say the cause of reform isn't lost. Xavier Musca, deputy secretary general to Mr. Sarkozy, says that while France started late on the reform path, momentum has picked up again since 2007. "This administration [is] encouraging employees to work more and pushing for competition in the retail sector...We're also going to speed up the pension reform."

Ultimately, some governments will have no alternative. Germany recently passed a law guaranteeing the elderly that their pensions would never sink, a costly promise that economists say will haunt future workers and companies unless the pension system is fundamentally revised.

"We will have no choice but to undertake reforms," says Michael Fuchs, a leading lawmaker in Ms. Merkel's Christian Democratic Union.

Below: Getty Images; Associated Press

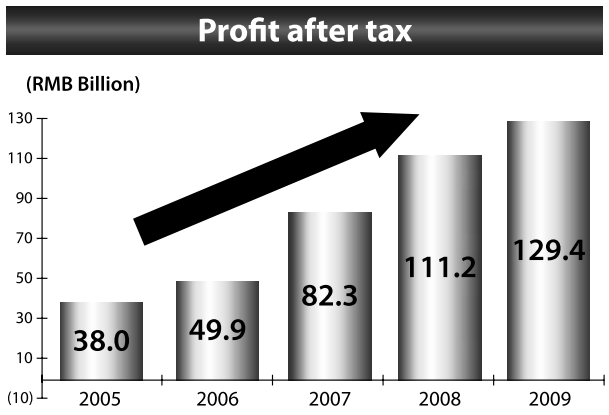
European Central Bank President Jean Claude Trichet, above right, arriving Thursday at the EU summit in Brussels. At right, Greek union members of the Hellenic Shipyards company complained Wednesday that they haven't been paid, as fellow European nations negotiated over the shape of a possible plan to alleviate the country's debt crisis.

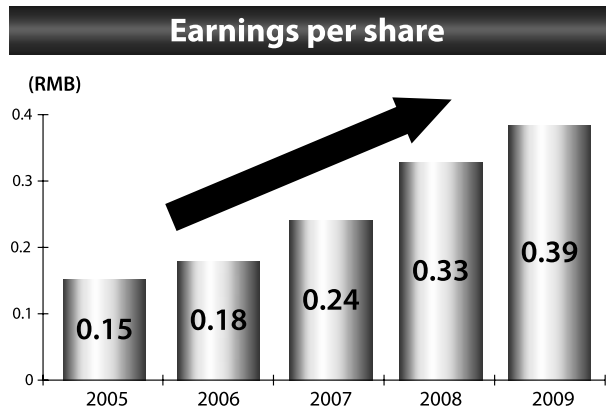
Slow going

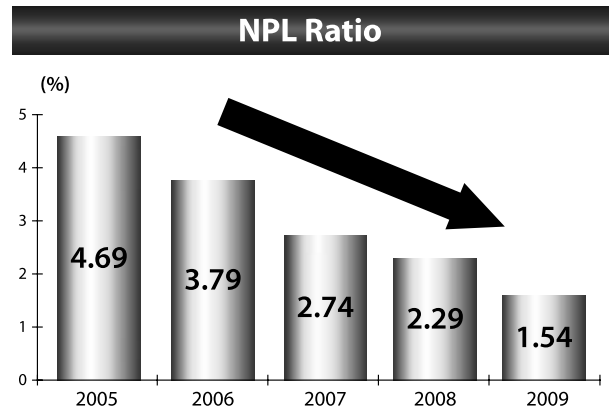
Europe's economic dynamism hasn't improved in the decade since the euro's 1999 inception.

Note: Euro zone labor productivity growth excludes Austria prior to 1995.
Source: OECD

ICBC







Industrial and Commercial Bank of China Limited is the wo

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The Bank is mainly engaged in commercial banking business, with

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2009 was a year that would leave a deep footprint in the history of financial development. In this year, the global financial industry is experiencing in-depth changes that will have a significant influence on its future development trends. Despite of the huge financial crisis, the Bank benefited from the Chinese Government's vigorous policies and measures to deal with the crisis and the Bank's consistent policy of stable and sound business operation and the solid foundation laid by continuing transformation and development for many years, the Bank has not only avoided a direct hit from the financial crisis, but also successfully seized opportunities arising from the crisis, becoming the world's top listed bank with the highest market capitalization, profits and customer deposits.

Achieving success is not as challenging as sustaining success. Looking back at the past decade, the Bank was like a phoenix reborn in flames. Looking into the future, at the start of another decade, the Bank faced an even

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中国工商银行股份有限公司

Summary of 2009 Annual Results
(International Financial Reporting Standards)

- In 2009, Industrial and Commercial Bank of China Limited (the "Bank") achieved a profit after tax of RMB129,396 million (approximately USD18,950 million), an increase of 16.3% over 2008.
- Earnings per share stood at RMB0.39, representing a year-on-year growth of 18%.
- Net fee and commission income increased by 25.3% compared to last year.
- Return on average total assets reached 1.20%.
- Return on weighted average equity reached 20.15%.
- Non-performing loan ratio was 1.54%, dropped by 0.75 percentage point from the end of the previous year.
- Capital adequacy ratio reached 12.36%.
- Total assets amounted to RMB11,785,053 million (approximately USD1,725,913 million), representing a growth of 20.78% over the end of 2008.

rld's top listed bank with the highest market capitalization,
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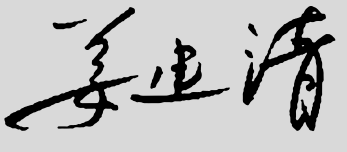
n branches operating in major financial centers across the world.

more complicated post-crisis environment and challenges, the Bank will further enhance corporate governance and risk management, accelerate the transformation of its mode of development, deepen the reform of its systems and mechanisms, vigorously improve its financial services, and constantly enhance its competitiveness and capabilities of development, risk management and control, and sustainable profitability, in order to explore a scientific way to build the Bank into a first-class international financial institution which suits the domestic conditions in China. The Bank will set sail for a new voyage and achieve further growth!



Chairman of the Board
Jiang Jianqing

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FROM PAGE ONE

Agence France-Presse/Getty Images

Greek Prime Minister George Papandreou arrives at the European Union summit in Brussels on Thursday, as France and Germany backed a deal on a possible plan for helping Athens with its debt crisis.

Germany, France agree on aid for Greece

Continued from first page

must pay over three percentage points more than Germany to roll over old debt and issue new securities, making its deficit-reduction efforts even harder.

Thursday's ECB announcement, while not specifically citing Greece, is an about-face for Mr. Trichet, central-bank watchers said. Two months ago, Mr. Trichet said, "we will not change our collateral framework for the sake of any particular country. ... That is crystal clear." As recently as Monday, Mr. Trichet signaled that he assumed an extension wouldn't be needed for Greece.

The text for the aid package on which Germany and France agreed was discussed with European Council President Herman Van Rompuy, who may put it forward to the group of 16 countries that use the euro. The text says a bailout of Greece must be a last resort after the government has exhausted all other options to raise sufficient funds. It also says that there must be a "substantial contribution from the IMF" and bilateral aid.

The official said that bilateral aid would probably come from euro-zone countries but noted that Sweden's Prime Minister Fredrik Reinfeldt has signaled his country might be open to provide bilateral aid to Greece too. Sweden is one of 11 European Union members that don't use the euro. Any support for Greece conducted with the IMF would be "piloted" by the euro-zone countries, a EU diplomat said.

Earlier Thursday, Spanish Prime Minister José Luis Rodriguez Zapatero said Spain is willing to contribute its share to a Greek aid plan, based on the size of its economy and its population.

Dutch Prime Minister Jan Peter Balkenende and Austrian Finance Minister Josef Proell also spoke in favor of an IMF role. Luxembourg's Prime Minister Jean-Claude Juncker, who chairs the group of euro-zone finance ministers, also seemed open to the idea of an IMF loan, saying there could be a "twin-track" solution for Greece without causing "a major scandal."

"It's really important to use the IMF because they are used to this type of situation," Mr. Balkenende told reporters before the leaders' meeting.

The IMF might be Greece's first option, followed by bilateral loans from euro-zone states, according to Mr. Balkenende. "When the IMF is involved there is always a certain limit. People are talking about €10 billion [$13.33 billion] as the maximum," he said. "If Greece needs more, then you can talk about the responsibility of European countries."

IMF Managing Director Dominique Strauss-Kahn has said the fund stands ready to help Greece. He has noted, however, that he understands why the EU would want to handle this matter alone. The IMF and EU jointly have helped other EU countries—Hungary, Romania and Latvia—through the economic crisis. But these countries don't use the euro.

In addition to concerns about the euro's credibility, some EU policy makers fear that an IMF role, which typically includes advice on monetary policy, could compromise the ECB's independence. Another worry is that the IMF might give Greece more lenient terms than the EU.

EU finance ministers have ordered Greece to slash its budget deficit, expected to have hit 12.7% of gross domestic product last year, to less than 3% of GDP by 2012. These timelines came into conflict last spring when the IMF and EU jointly created a €20 billion aid package for Romania. The IMF eventually changed its budget recommendations to suit the EU's stricter timetable, according to an EU official familiar with the matter.

Earlier Thursday, Ms. Merkel told Germany's lower house of parliament before leaving for Brussels that after Greece's woes have abated, the 16 euro nations must pursue tough new measures and sanctions to prevent such crises in the future. "We've seen that the euro zone's current instruments are inadequate," Ms. Merkel said.

Ms. Merkel said she supported proposals by Finance Minister Wolfgang Schäuble, including a European Monetary Fund and the power to exclude profligate members from the common currency bloc—both drastic new measures that would require a lengthy ratification process and the approval of all 27 EU member states.

"I will also champion the necessary treaty changes," Ms. Merkel said.

To that end, French officials have been reviewing the Lisbon Treaty and have identified language they believe might allow for new fiscal sanctions without changing the current law, a European official said Thursday.

—Geoffrey T. Smith in Brussels and Costas Paris in Athens contributed to this article.

Dubai World, Nakheel to get $9.5 billion in aid

Continued from first page

debt this year, according to Standard & Poor's and Wall Street Journal research. Next year, that jumps to $13.29 billion, including a $6 billion facility borrowed by Dubai's main investment vehicle, the **Investment Corp. of Dubai**.

A Dubai government official said the commitments to Dubai World and Nakheel would be made over several years. An adviser to the government said disposals of Dubai World assets could also contribute to the funding, but said Dubai wouldn't sell at fire-sale prices.

The government official declined to comment about any other entities' debt burdens but said the government has "reviewed other situations, and we're comfortable."

Dubai proposed Thursday to pay back principal owed to Dubai World creditors in full by issuing two tranches of new debt maturing in five and eight years. It said it would pay two, large bonds maturing this year and next, owed by Nakheel, in full and on time and pay other financial creditors of Nakheel 100% of principal by rolling over debt maturities.

It also said it would convert its own sizeable lending to Dubai World and Nakheel into equity. In addition to boosting the companies' balance sheets, the move effectively subordinates the government's claims to those of other creditors.

Dubai didn't disclose specific terms of the repayment plan, including what interest it would offer.

A spokeswoman for KPMG, which represents a lenders' committee, declined to comment. Big lenders include **HSBC Holding** PLC, **Standard Chartered** PLC, **Lloyds Banking Group** PLC and **Royal Bank of Scotland Group** PLC.

Dubai said it would pump $1.5 billion into Dubai World, a conglomerate whose businesses span ports, real estate and private equity. It said it would also convert some $8.9 billion in debt owed by the company to the government into equity.

Dubai said it would also pump $8 billion into Nakheel and convert to equity some $1.2 billion in debt owed to the government. Nakheel, which built Dubai's well-known palm-shaped island, said it would use the money to help pay down its two big bonds, restructure debt with other financial creditors and pay off unpaid bills.

Cashing up and rolling over

Dubai said it would recapitalize its corporate flagship and biggest property developer, part of a plan to pay off lenders by extending debt maturities. Here's a break down of what it proposes:

Dubai World

Dubai will inject $1.5 billion in new funds.

Dubai will convert $8.9 billion of debt owed the government into equity.

Dubai offers to pay principal for non-government creditors in full by issuing two tranches of new debt maturing in five and eight years.

Nakheel

Dubai will inject $8 billion in new funds.

Dubai will convert $1.2 billion of debt owed the government into equity.

Dubai offers to pay 100% principal to bank creditors through rollovers, maturity extensions and new facilities.

Nakheel will pay off two Islamic bonds, or Sukuk, due this year and next in full and on time.

Nakheel will pay contractors and suppliers 40% of outstanding claims in cash; 60% in a publicly traded security.

Sources: Dubai government; the companies

ICBC chases more capital after lending spree
MARKETS 23

Dubai doubles down with lavish debt offer
HEARD ON THE STREET 30

BUSINESS & FINANCE.

Friday - Sunday, March 26 - 28, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Google's tangled Chinese Web

Partner defections, continued censorship complicate firm's plan to retain some business operations in the nation

By Aaron Back And Loretta Chao

BEIJING—**Google** Inc.'s plan to keep some of its China business while avoiding censorship is looking increasingly complicated as more Chinese partners turn away from the U.S. Internet giant and it becomes apparent that some remaining operations will continue to be censored.

On Thursday, a public-relations director for **Sina** Corp., a popular Chinese Internet portal that carries a Google search bar, said it is considering finding a new search partner. The spokesman said no final decision has been made. That came a day after Tianya.cn, which runs a leading online forum, said it plans to discontinue cooperation with Google on some projects. Earlier Wednesday, **TOM Group** Ltd., a media company controlled by Hong Kong tycoon Li Ka-Shing, said it had removed Google's search bar from its Chinese portal.

Google announced Monday that it had stopped censoring its Chinese search services for the Web, news and images, and moved them to Hong Kong. It now redirects traffic to the relocated site from its Chinese address, Google.cn. The move prompted an angry response from the Chinese government, but so far authorities haven't blocked access to the Google.cn address or to the Hong Kong site, Google.com.hk.

How Google's relationships with partners and advertising resellers in China play out could affect how much revenue it continues to earn in China and how robust a presence it can maintain in the world's most populous Internet market.

Analysts estimate that Google gets 1% to 2% of its global revenue from China, or roughly $250 million to $500 million last year. Edward Yu, chief executive of Analysys International, a Beijing-based research firm, estimates that 30% to 40% of Google's Internet-search revenue in China comes from sales of ads placed on Google's sites outside the country, such as Google.com.

That revenue isn't likely to diminish dramatically, analysts say. Google will remain an attractive ad platform for Chinese companies that use it to reach a global audience,

Please turn to page 22

Cold feet | Google's partners in China

Company	Relationship with Google	Actual status
Tianya.cn	Uses a Google search bar on its home page and Google technology on some products	**May discontinue**
	It had planned to provide an online video service with Google	**Will proceed without Google**
Sina Corp	Uses a Google search bar on its home page	**Re-evaluating**
TOM Group	Used a Google search bar on its Web portal	**Discontinued**
Orca Digital	Provides ad-supported music downloads and streams to Google users free	**Continuing**
China Mobile	Uses Google search engine as default search engine, but considering other possible search partners	**Also working with other search engines**
China Unicom (Hong Kong)	Prominent promoter of Google Android phones by Motorola and HTC, but without many Google products	**Discontinued preinstallation of Google search for Android phones**

Source: WSJ reporting

Bloomberg News

Regulators are pushing CEO Vikram Pandit to move quickly on asset sales.

Citigroup's yard sale crimps turnaround

By Randall Smith

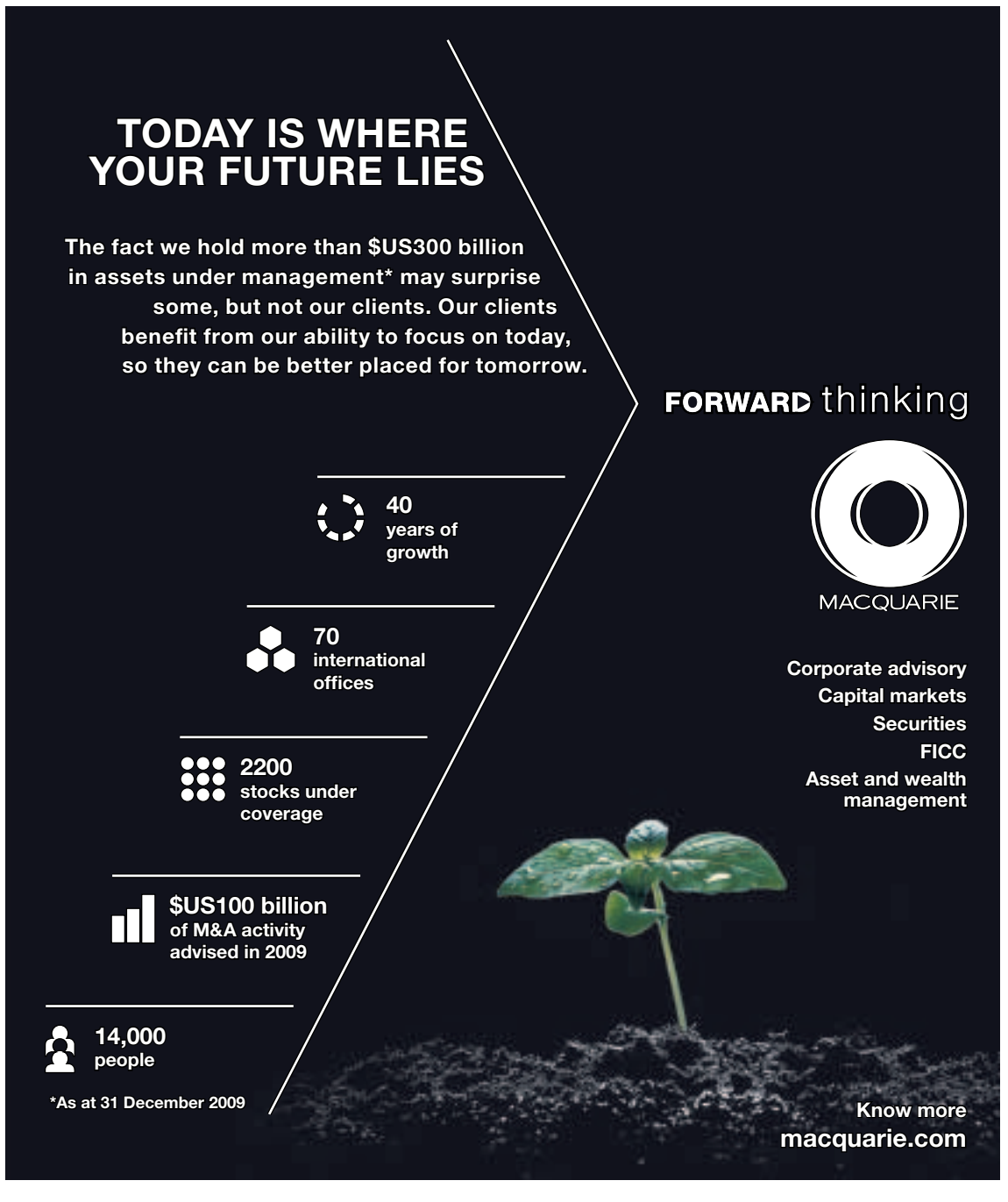
It is probably the biggest garage sale ever: credit cards, mortgages, brokerage operations, a door-to-door insurance business, even a ski lodge that **Citigroup** Inc. amassed as it tried to build a financial supermarket to the world.

Now that the dream is gone, the New York company is working hard to get rid of assets it no longer wants, still haunting Citigroup more than two years after the financial crisis hit. Fourteen months into the sales process, though, it is clear executives are in for a long, hard slog.

Citigroup, the third-largest U.S. bank-holding company by assets behind Bank of America Corp. and J.P. Morgan Chase & Co., has shed just one-fourth of the roughly $715 billion in assets it moved into a unit called Citi Holdings in January 2009. Citigroup's overall asset size as of Dec. 31 was down 4.2% from a year earlier, to $1.86 trillion, compared with J.P. Morgan Chase's 6.6% decline.

The slow-moving merchandise is making it harder for Citigroup Chief Executive Vikram Pandit to turn around the company's bottom line, frustrating some investors. Analysts expect core businesses to churn out an impressive $16 billion in profits this year, but credit losses on the garage-sale assets likely will hit $13 billion.

Please turn to page 23


TODAY IS WHERE YOUR FUTURE LIES
The fact we hold more than $US300 billion in assets under management* may surprise some, but not our clients. Our clients benefit from our ability to focus on today, so they can be better placed for tomorrow.
40 years of growth
70 international offices
2200 stocks under coverage
$US100 billion of M&A activity advised in 2009
14,000 people
*As at 31 December 2009
FORWARD thinking
MACQUARIE
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Android still gets a warm embrace

By Roger Cheng
And Niraj Sheth

A legal assault by **Apple** Inc. hasn't cooled any of the fervor among makers of mobile phones for **Google** Inc.'s Android operating system.

In early March, Apple filed a pair of patent-infringement lawsuits against **HTC** Corp., maker of Google's Nexus One phone. The move was seen by industry observers as an attack by proxy on Android, which powers touch-screen smart phones with many of the same features as Apple's popular iPhone.

Executives from handset makers gathering this week in Las Vegas for an industry conference, however, uniformly said they are proceeding with plans to develop new Android-based phones. In fact, the two highest-profile phones announced at the conference this week—**Sprint Nextel** Corp.'s fourth-generation Evo, made by HTC, and **Samsung Electronics** Co.'s Galaxy S—both run on the Google operating system.

HTC, in the crosshairs of Apple's legal attack, remains as committed to Android as it was when it started rolling out phones based on the operating system, Chief Executive Peter Chou said. "Nothing has changed," Mr. Chou said. "We're confident in our position."

The legal dispute is only in its early stages, and HTC is still figuring out how it plans to defend itself, Mr. Chou said. He declined to provide more specifics, citing continuing legal proceedings, but said HTC's relationship with Google remains strong and that he expects the search giant to support the company.

Reuters

HTC Chief Executive Peter Chou, left, was welcomed by Sprint CEO Dan Hesse at a conference Tuesday in Las Vegas.

Apple's suits alleged violations of 20 patents, including elements of its innovative touch screen and other functions that govern the way phones operate. As such, it was seen as having a broader target than just HTC. Friction between Apple and Google has mounted with the search giant's move into mobile-phone technology. Google sees mobile phones as a key venue for Web surfing that it doesn't want locked up by rivals. Apple, meanwhile, has seen much of its growth fueled by the iPhone.

Makers of mobile phones risk getting caught in the middle. While Apple jealously guards its hardware and software, Google lets handset makers freely use and modify Android.

Sony Ericsson, which like HTC makes Android-based phones, isn't backing down from plans to develop more phones using the Google operating system. "It hasn't given us any reason to change our strategy," said Steve Walker, vice president of the manufacturer's handset portfolio.

LG Electronics Inc., another maker of Android phones, said it is following the Apple-HTC legal developments closely, but said it is too early in the process to change business plans as a result. "At this stage, it's not affecting our business," said Ehtisham Rabbani, vice president of marketing a product strategy. Making changes at this stage, he said, would be "premature."

Google's announcement earlier this week that it has stopped censoring search results in China also had the potential to rattle device makers who have embraced the Android platform. Instead, they are working their way around the problem. For instance, HTC's Mr. Chou said, Android-based devices in China may need to default to a search engine other than Google's.

Some analysts have argued that Google's woes could be an opportunity for competitors like **Microsoft** Corp. to win back market share for mobile-phone operating systems. But the momentum doesn't appear to be swinging in Microsoft's favor. "We're not putting too many chips on that one," says Robert Dotson, CEO of **T-Mobile USA**, the country's fourth-largest wireless-network operator.

Analysts and lawyers don't expect Apple's suits to have much of an effect on an industry where such legal battles are part of the ordinary course of business. "Intellectual-property battles are par for the course in the wireless industry," said Daniel Hays, who works for consulting firm PRTM.

HTC, for its part, hints its own record of innovations will be part of the company's defense against Apple. Mr. Chou notes HTC had been making smart phones long before Apple and its iPhone came along. "We think HTC is an innovator in the industry," he said.

Zain, Bharti expect agreements on Africa deal soon

By Romit Guha

MUMBAI—India's Bharti Airtel Ltd. and Kuwait's Mobile Telecommunications Co., or Zain, said Thursday they are likely to sign definitive agreements in coming days to sell most of Zain's African assets to the Indian company.

The comments came after the board of Zain approved the sale in a deal expected to be valued at $10.7 billion in cash and debt. A deal would allow Bharti, India's largest mobile-phone operator by subscribers, to expand its footprint overseas as intense competition and price wars hurt its growth at home.

Once completed, the deal would be India's largest cross-border pact after **Tata Steel** Ltd.'s roughly $13 billion acquisition of Anglo-Dutch steel maker Corus. An agreement would raise Bharti's subscriber base to about 170 million.

Zain and Bharti said in separate statements that the two companies are finalizing details and will move toward getting required approvals.

The comments came after the companies said in February that they would hold exclusive talks until March 25 regarding a deal that would allow Bharti to take over Zain's African assets, except in Morocco and Sudan.

The deal is likely to be signed early next week—either Monday or Tuesday, a person close to the matter told Dow Jones Newswires.

Bharti previously made two failed attempts to merge with **MTN Group** Ltd. of South Africa.

Telecom operators are looking to Africa for growth. Mobile penetration remains low in Africa, and advances in mobile-phone technology are driving prices down to within reach of many African consumers. Many of Africa's biggest economies are experiencing relative political stability conducive to faster growth.

Zain has operations in 17 African countries. It has more than 70 million customers spread across Africa and the Middle East, including about 42 million in Africa. Bharti has nearly 125 million subscribers.

Zain has said that it plans to use the funds from the Bharti deal to focus on growth in the Middle East. It has said it expects net proceeds of as much as $5 billion from the asset sale after paying certain liabilities.

—Harsh Joshi and Ameya Karve in Mumbai contributed to this article.

■ Investors have a love-hate relationship with Bharti. 30

Publishers tout features of Apple's iPad as advertisers gather

By Shira Ovide
And Suzanne Vranica

A laundry list of open questions about **Apple**'s iPad isn't keeping magazine publishers and advertisers from lining up for the launch of the tablet computer next week.

Time magazine has signed up **Unilever**, **Toyota Motor**, **Fidelity Investments** and at least three others for marketing agreements priced at about $200,000 apiece for a single ad spot in each of the first eight issues of the magazine's iPad edition, according to people familiar with the matter.

At **Condé Nast** Publications, Wired magazine is offering different levels of ad functionality depending on how many pages of ads a marketer buys, according to a person familiar with the matter. Advertisers that agree to buy eight pages of ads in a single issue of Wired magazine will be able to lace video and other extra features through the iPad version, say people familiar with the matter.

Magazines largely are planning downloadable iPad applications that are near-replicas of the stories in the print versions, but they are demonstrating the new-media bells and whistles for advertisers: add-ons like videos, social-networking tools and navigation that take advantage of the large screen, touch technology and Internet connections of the tablet computer.

Time Inc.'s Sports Illustrated has been showing advertisers three video-heavy ad prototypes, including one for a Ford Mustang that includes an arcade-style driving game using the tilt-and-turn capability of the iPad. With a few touches to the screen, readers can pick paint colors and wheel styles for cars they might want to buy.

"Some of the things you can do are just mind blowing," says Steve Pacheco, **FedEx**'s director of advertising. "You are taking something that used to be flat on a page and making it interactive and have it jump off the page."

Magazine publishers see the device as crucial to their future as they scour for new ways to make money, with print advertising still under threat. Digital advertising has been a disappointment for many publishers, but with the iPad they feel they have a technology that marries the splashy look and size of a full-page print ad with the interactive features of a digital ad—and the ability to count how many people saw it.

But the business model is unproven, and ad dollars will initially be a fraction of the industry's overall revenue. Hype over the iPad unveiling two months ago focused on selling subscriptions for the device, but no major magazines appear ready to do so yet, according to people familiar with the matter. That leaves titles like Time and People, Men's Health and **Hearst** Corp.'s Esquire to offer weekly or monthly iPad editions of their magazines, priced at or near the cover price of a print issue.

In part because of the limited number of marquee ad spots, many magazines have sold out of ads for their maiden iPad issues—nevermind that most publishers and marketers haven't even finished designing the apps and ads and it's unknown how many will buy iPads.

Through a marketing deal with **Procter & Gamble**'s Gillette brand that was brokered by **Publicis Groupe**'s Starcom MediaVest, **Rodale**'s Men's Health magazine will offer iPad users 10 free pages of its April and May iPad editions. Gillette Odor Shield products will be the lone advertiser on what Rodale executives are calling the "preview issue" of Men's Health for the iPad. Those who choose to download the full iPad issue will pay the $4.99 Men's Health newsstand price.

Apple has only just begun accepting companies' submissions for iPad apps, and they won't be available unless Apple blesses them. Apple declined to comment beyond saying, "We are excited to get the iPad into customers' hands on April 3."

—Russell Adams contributed to this article.

Macau to cap number of casino tables

Government hopes to diversify economy beyond gambling and develop city into a leisure, entertainment destination

By Kate O'Keeffe

HONG KONG—The Macau government said it won't approve new casino projects and will allow only 500 additional gambling tables during the next three years, raising questions about operators' major expansion plans.

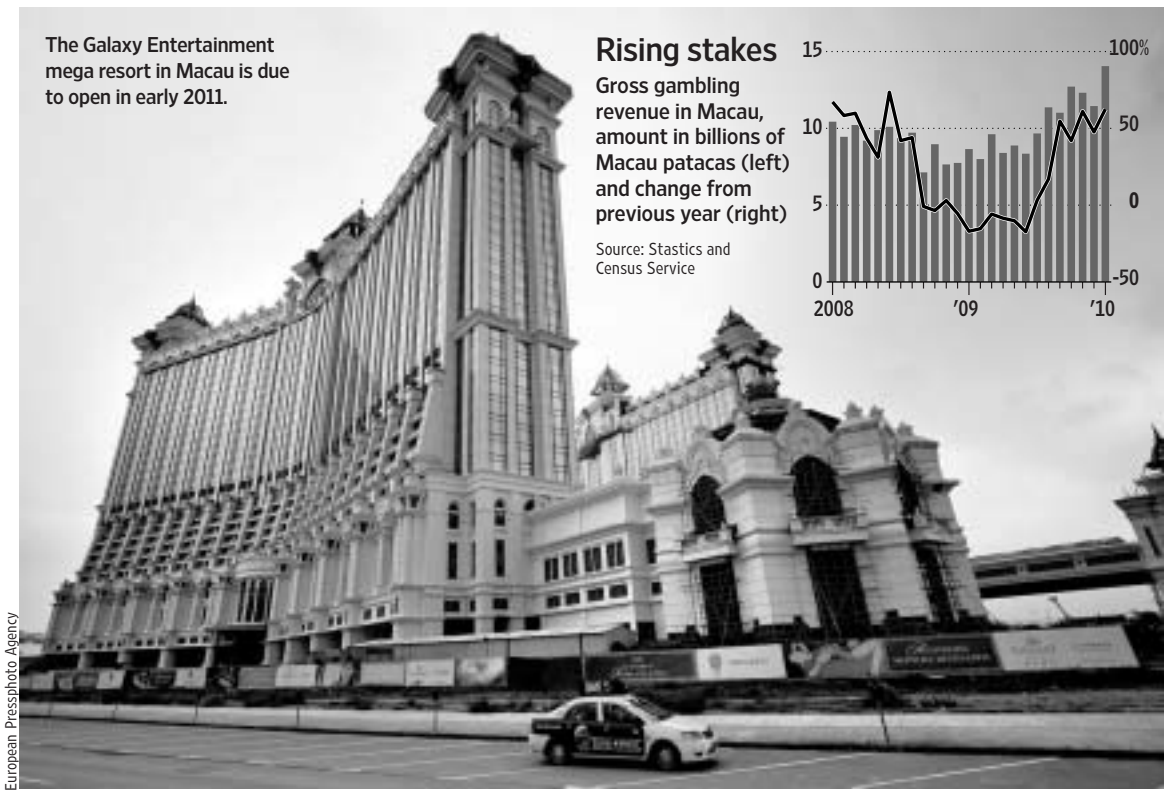
The decision comes as the government, which draws about 70% of its revenue from gaming, seeks to diversify the city's economy away from the gambling industry, with the goal of developing Macau into a popular leisure and entertainment destination.

Macau has about 5,000 gambling tables and six licensed casino operators, some of which have projects under construction that could add around 1,300 tables by next year.

But Macau's top gambling official, Francis Tam, said this week that the total number of tables will be capped at 5,500 until 2013, adding that all unapproved projects have already been halted to promote healthy and orderly development of the casino market as gaming revenue continues to soar.

"Those casino developments that have already been approved may continue to complete their construction," Mr. Tam, Macau's secretary for economy and finance, told legislators Tuesday.

Mr. Tam said the casino industry's development during the past few years has become much more orderly, with an annual growth rate of around 4%-5%, compared with much bigger increases in capacity from 2003-2006.



The Galaxy Entertainment mega resort in Macau is due to open in early 2011.

European Pressphoto Agency

Even so, Mr. Tam's comments come as Macau's gambling revenue skyrocketed 66% in the first two months this year, according to media reports, raising concerns the city's gambling market is expanding at an unsustainable pace.

The Chinese government has urged Macau's leaders to cool the city's gambling growth because of concerns that many mainland Chinese are gambling away their savings in Macau, the only place in China where casinos are legal.

Casino projects already approved include **Galaxy Entertainment Group** Ltd.'s flagship project on Cotai, which will have 600 gambling tables, as well as **Sands China** Ltd.'s expansion project that could add 700 tables, CLSA analysts estimate.

Both projects are scheduled to be completed by mid-2011, the casino operators have said.

But the math doesn't add up with the cap in place unless operators scale down their plans for new tables or remove some of their current tables, raising concerns over how the government will be able to implement the policy cap fairly, casino industry watchers say.

They said there is confusion as to whether the additional table capacity will be allocated on a first-come, first-served basis, benefiting those who have built big early, or if the cap total will be divided evenly among the operators.

"We need a lot more clarity on the policy. It's also unsettling for investors who may now be less willing to finance projects in Macau given the potential for policy changes like this," said Sean Monaghan, managing director at AG Leisure Partners.

Sands China President Steve Jacobs said Thursday the company believes "the Macau government is sincere in its efforts to diversify and that it recognizes the integral part sites five and six play with regards to growth in hospitality, business, leisure tourism" and exhibition businesses. Sites five and six refer to Sands' Cotai expansion project under development.

Wynn Macau Ltd. deferred request for comment to remarks in its 2009 earnings statement Wednesday, when it said it is awaiting approval from the Macau government to lease a plot of land on Cotai that would enable it to build an integrated casino and resort there.

Galaxy declined to comment. **Melco Crown Entertainment** Ltd., **SJM Holdings** Ltd. and **MGM Mirage** didn't immediately respond to requests seeking comment.

PetroChina net declines 9.7%

By Yvonne Lee

HONG KONG—**PetroChina** Co., China's largest-listed oil company by output, said Thursday its net profit fell 9.7% in 2009 as lower oil prices hit revenue, though its 2010 results could benefit from increased production and higher energy prices.

PetroChina said its net profit for the 12 months ended Dec. 31 was 103.39 billion yuan ($15.14 billion), down from 114.45 billion yuan in 2008, because of smaller contributions from its exploration and production business.

The company's 2010 forecast underlines China's role as the driving force behind global oil demand, especially since energy-intensive infrastructure projects were a major beneficiary of Beijing's four-trillion-yuan stimulus program last year. The International Energy Agency forecasts that China could account for a quarter of the total increase in global oil consumption this year.

While other major oil consumers like Europe and the U.S. are struggling to reignite their economies, China is targeting economic growth of about 8% this year. Increased industrial activity would raise demand for transport fuels such as diesel and gasoline, while continued stimulus spending would support consumption of products such as bitumen, used in road building.

PetroChina, which is listed in Hong Kong and Shanghai, expects to raise its crude-oil output 1.2% to 853.7 million barrels this year and refinery output 8.8% to 122 million barrels in response to recovering of domestic demand.

In addition, the company plans to raise its 2010 capital spending 9.7% to 292.7 billion yuan as major projects such as the second West-East gas pipeline are still in the construction phase.

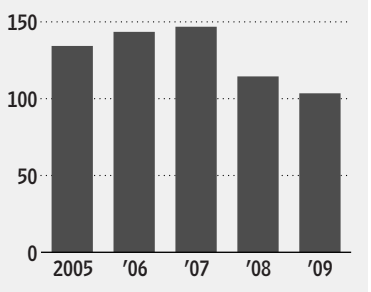
PetroChina's exploration and production businesses' operating profit plunged 56% to 105.02 billion yuan as the average selling price for crude oil fell 38% in the year to US$53.90 a barrel.

PetroChina cut its crude-oil production in 2009 in response to weaker oil demand. Crude-oil production fell 3.1% to 843.5 million barrels. However, the company's natural-gas output rose 13% to 2.112 trillion cubic feet as Beijing has been encouraging the use of clean energy to reduce carbon emissions.

PetroChina's refining business swung to an operating profit of 17.31 billion yuan from an operating loss of 93.83 billion yuan a year earlier after Beijing eased price controls.

PetroChina refined 828.6 million tons of crude in 2009, down 2.5%.

Under the domestic fuel pricing system China introduced in 2009, refiners are guaranteed a 5% profit margin if the price of international crude falls below US$80 a barrel.



Sources: the company; Bloomberg News (photo)

China weighs financing for African potash mine

China's $300 billion sovereign-wealth fund may finance **China Mining United Fund**'s plan to develop a potash project in Ethiopia that is also being weighed by miner **BHP Billiton**, a person familiar with the situation said on Thursday.

China Investment Corp. is studying whether to take a stake in the potash project, which is being jointly developed by China Mining United Fund and Canada's **Allana Potash** Corp., or to finance part of the project's construction costs, the person familiar with the situation said.

According to China Mining's Web site, the potash project is one of the largest in the world, with total projected potash output of about 200 million metric tons.

CIC's possible involvement in the pursuit of potash, which is used in fertilizers, highlights China's growing demand for the mineral as the nation seeks to boost its agricultural output.

However, China's appetite is facing serious challenges from global mining companies, which have been moving fast to tap into Africa's rich potash resources as crop prices rise.

The person didn't say what stage CIC was at in the decision but said the project is important for China, which imports around 80% of its potash needs.

"Without support from CIC, from the government, how can we come up with so much money for such a big project?" the person said, adding that the project's value keeps appreciating, raising concerns about a possible bid from BHP Billiton.

A spokesman for CIC wasn't immediately available for comment.

BHP Billiton spokesman Ruben Yogarajah Thursday declined to comment on any interest in Allana Potash's Ethiopian mining project. He said BHP has exploration licenses in Ethiopia, but he declined to provide more details, saying the work there is at a "very early stage."

Toronto-based Allana Potash signed a strategic agreement in November with an affiliate of China Mining United Fund, China Mineral United Management Ltd., to place shares worth two million Canadian dollars, or about US$2 million, to the fund. The proceeds of the initial investment will be used to finance exploration and development of the potash project in the Danakil Depression in northeastern Ethiopia.

Under the agreement, China Mineral would acquire 20% of the total potash production of the project and finance 35% of its construction costs, estimated at around US$280 million, Allana said on its Web site in November. It said the Chinese mining fund is closely linked to one of the largest fertilizer companies in China, but didn't name the company.

China Mining United Fund, which was set up last May, is one of China's first private investment funds focused on mining-related investments.

—Victoria Ruan in Beijing and Matthew Walls in London contributed to this article.

Lawyers vie at Toyota hearing

Attorneys seek advantage as panel considers where U.S. cases against car maker will be heard

By Dionne Searcey

SAN DIEGO—Dozens of attorneys were to stand before a panel of judges Thursday and make 90-second pitches for where lawsuits filed against **Toyota Motor** Corp. should be heard.

The attorneys are hoping for a home-court advantage to lead the litigation against Toyota after sudden unintended acceleration incidents that have led the company to recall more than eight million vehicles world-wide. At stake are huge fees that only a few lawyers will collect. Lawyers based near where the cases are heard have a good shot at taking the lead.

Roughly 100 suits have been filed across the U.S. blaming Toyota's problems for fatalities, injuries or for causing owners' vehicles to lose value. But the group of judges, called the U.S. Judicial Panel on Multidistrict Litigation, will likely consolidate the cases into only a few to streamline the process, and dole them out to one or maybe a handful of jurisdictions.

That means just a few attorneys will end up arguing the cases. The lawyers pick among themselves in informal and highly competitive fashion to decide who gets to emerge as leaders of the litigation, with the judge assigned to hear the cases also playing a role.

Attorneys on Thursday were to ask that the cases be heard in one of 19 jurisdictions across the U.S. For its part, Toyota wants them heard in California where Toyota's U.S. operation is based. The panel can send the cases wherever it wants and has wide discretion in how to consolidate them. A decision is expected in two to six weeks.

A Toyota spokeswoman said the company had no comment.

The attorneys had prepared for weeks for their 90-second pitches, hoping to fit in highlights such as how adept their preferred judge is at moving cases through the docket.

In choosing a judge or judges to hear the cases, the panel may consider whether dockets are crowded, whether the judge involved has experience hearing complex cases and whether the venue is convenient for potential witnesses.

"It will come down to who's the best judge for the job," said Mitchell Breit, a New York attorney handing cases against Toyota.

Reuters

Lawyers strategized in San Diego Wednesday, a day before a judicial panel heard their pitches on venues for Toyota cases.

Any judge selected to hear the cases will have to sort through a tangle of legal issues, including whether to grant class-action status to the cases or whether to pool cases into "bellwethers" that could set precedent for others.

The attorneys had prepared for weeks for their pitches, hoping to fit in highlights such as how adept their preferred judge is at moving cases through the docket.

Also, the judge may have to decide which state laws will apply to the cases filed across the U.S., particularly important for personal-injury cases as some states cap damage awards.

The competition among attorneys was on full display Wednesday as about 100 lawyers gathered in a hotel ballroom for a "Toyota Recall Litigation Conference" to discuss strategies for battling the Japanese company in court. Members of the Japanese media were on hand.

The session was peppered with Toyota-bashing. But mostly it was a showcase for attorneys to make their pitch for why they should lead the litigation.

Speakers included heavyweights in auto torts such as Mark P. Robinson Jr. who fought **Ford Motor** Co. on its fiery Pintos in the 1970s.

Houston attorney Mark Lanier throughout the day was trailed by a klatch of attorneys, one of whom patted his arm warmly as he passed by. "I don't even know that guy," Mr. Lanier said.

In a booming speech that seemed straight off a campaign trail, Mr. Lanier told a rapt audience how he can tailor his courtroom demeanor from judge to judge, likening it to "ballet" or World Wrestling Federation, depending on the judge's tastes.

Mr. Lanier also said attorneys who take the lead in Toyota must be willing to spare no expense, noting how his firm put up $13 million for the litigation against **Merck** & Co. for wrongful death suits for painkiller Vioxx.

Mark Geragos, who has worked as a criminal-defense attorney to Michael Jackson and other celebrities, offered a speech that was part pep rally, saying Toyota is guilty of "corporate murder," and part Kumbaya. "Everyone in this room is on the precipice of the opportunity to expose the greatest corporate malfeasance," said Mr. Geragos. "I would hope everyone in this room could coalesce and come together."

While some attorneys nodded in agreement, later as they swilled drinks on a hotel terrace one leaned in and predicted the scene yet to come: "It's going to be a bloodbath."

WSJ.com

For the latest news on the Toyota hearing, go to WSJ.com.

Car maker to finalize revamp by summer

By Yoshio Takahashi

TOKYO—**Toyota Motor** Corp. said it hopes to finalize details of its first group-wide reorganization of Japanese production facilities by this summer, as it tries to avoid a steep fall in profitability after its major recalls.

A spokesman for the auto maker said Thursday the plan includes revamping manufacturing operations at group companies such as truck-manufacturing subsidiary **Hino Motors** Ltd. and vehicle-assembling subsidiary **Toyota Auto Body** Co.

Separately, Toyota said it formed a North American Quality Task Force led by Steve St. Angelo, who is executive vice president of Toyota Motor Engineering & Manufacturing North America. He will guide the implementation of regional improvements in concert with a special global quality committee led by Toyota President Akio Toyoda.

Toyota, meantime, is attempting to rearrange its domestic manufacturing operations by vehicle type and size, and seeks to complete the transformation by the end of the decade, the spokesman said. He declined to elaborate.

Coping with the aftershock of the company's recalls, Toyota is in the midst of efforts to regain customer trust by fixing problems with 8.5 million vehicles in the U.S., Europe, China, Japan and other markets.

The quality concerns dragged down U.S. sales in January and February and the company was forced to offer generous discounts.

The world's biggest car maker expects to return to a net profit in its current fiscal year, which ends March 31, thanks to recovering auto demand and cost-cutting efforts. In the previous fiscal year, it had its first net loss in 59 years.

While Toyota has already factored in recall costs of 180 billion yen ($1.95 billion) for the fiscal year ending next Wednesday, analysts estimate recall costs of more than $5 billion will be needed over the coming fiscal year.

The realignment of Toyota's domestic production operations is part of the company's efforts to become profitable even though its global annual production could fall to as low as seven million vehicles. Toyota and its two subsidiaries, Hino Motors and **Daihatsu Motor** Co., built a combined 7.05 million vehicles world-wide last fiscal year—well below the Toyota group's global yearly capacity of 10 million vehicles.

Mamoru Kato, an analyst at Tokai Tokyo Research Center, pegs Toyota's current production pace at 2.9 million vehicles a year in Japan, well below full capacity of about four million.

In one sign of consolidation, Toyota said in December it shifted production of light-duty trucks in Indonesia to a local plant run by Hino.

Google faces tangled Web over its plan for China

Continued from page 19

like **Alibaba.com** Ltd., an online-trading platform that is one of China's most prominent Internet companies and that advertises on Google.com.

How much of the remaining two-thirds or so of Google's China revenue is sustainable is less clear. Google's operations in China include video-search, music and map services, and a mobile Web site—some of these run in partnership with Chinese companies. Google has obligations to fulfill its contracts with those companies, which must remain in compliance with censorship rules, even if Google isn't.

Google spokeswoman Jessica Powell on Thursday said the company will continue to provide censored search results to partners in cases where it has a contractual obligation to do so. However, she said Google won't renew those contracts. She declined to name the relevant partners or say how long the deals will last.

Certain products that Google has said it plans to continue operating in China, such as Google Maps and its music-download service, are likely to remain censored—although the level of censorship on those sites, given the nature of the content, is less extensive than on regular Web searches. For instance, Google's partner in the music service, Top100.cn, a site owned by Chinese company **Orca Digital** Inc., can only provide music files approved by China's government.

Google hasn't reached a decision on what to do with these services, including whether to move them to Hong Kong, Ms. Powell said. "We are currently evaluating that on a product-by-product basis," she said.

Gary Chen, chief executive of Orca Digital, didn't comment on what would happen if Google wanted to move the music service to Hong Kong, saying only that the service currently works "exactly as before."

Google also has expected that China, the world's largest cellphone market by subscribers, would be a significant opportunity for its Android mobile-phone operating system. But since Google's Jan. 12 announcement that it planned to stop complying with censorship rules, some of its Android launches have been delayed and **Motorola** Inc. has announced plans to provide links on its Android-based phones in China to other search engines.

On Monday, Google Chief Financial Officer Patrick Pichette said Android "should flourish" in China despite the decision to stop censoring. Resellers of Android phones in Beijing said Thursday that they were still selling well, with no apparent impact yet from Google's decision.

Google is the default search engine for **China Mobile** Ltd., the world's largest mobile-phone operator by subscribers. But Wang Jianzhou, chairman of the state-owned carrier, last week said the company's cooperation with Google isn't exclusive and that China Mobile is also working with **Microsoft** Corp.'s Bing and other search engines.

—Lorraine Luk, Sue Feng and Bai Lin contributed to this article.

ICBC to raise $3.66 billion

China's biggest bank to issue domestic convertible bond; annual net profit rises 16%

Industrial & Commercial Bank of China Ltd. said its net profit rose 16% from a year earlier and announced plans to replenish its coffers.

China's biggest bank by assets said it is planning to raise as much as 25 billion yuan ($3.66 billion) via a convertible-bond issue in the domestic market.

The bank also said it would seek a mandate from shareholders to sell new shares amounting to as much as 20% of its existing Hong Kong- and Shanghai-listed shares, which could raise $48 billion, based on Thursday's closing prices.

ICBC is the latest of China's banks to announce major fund-raising plans after a lending binge—the key platform of the country's stimulus spending last year—caused their capital levels to deteriorate. The credit expansion will continue this year, though at a lower level, and analysts say 2010 could be the biggest year for fund raising in China since the initial public offerings four years ago by the country's largest banks.

Still, ICBC is in much better shape than are many of its peers. According to its annual report, issued Thursday, the percentage of capital it holds against its loans was 12.36% at the end of 2009, comfortably above the 11% minimum demanded by China's banking regulators, a level many other banks are precariously close to.

Bank of China, which plans to raise 40 billion yuan from a convertible-bond sale and sell an additional $7.9 billion in a follow-on stock sale in Hong Kong, said earlier in the week that its capital-adequacy ratio at the end of last year was 11.14%.

ICBC Chairman Jiang Jianqing, speaking at a news conference, said his bank plans to keep its capital-adequacy ratio above 12%, and that after this round of fund raising, ICBC won't tap the market again for three years. He said there was no timeline for the capital raising.

Reuters

ICBC Chairman Jiang Jianqing, third from right, conducts a news conference in Hong Kong on Thursday to announce the bank's results. He was joined by bank President Yang Kaisheng via teleconference, in the background, from Beijing.

"We don't need to be in a rush to raise capital as ICBC's capital-adequacy ratio remains one of the best among all financial institutions," he said.

When asked about whether **Goldman Sachs Group** would sell down its 3.9% stake in ICBC at the end of its lock-up period on April 28, Mr. Jiang said the U.S. investment bank was willing to retain a "majority" of its stake.

"Goldman Sachs is satisfied with the return on their investment in ICBC, and they also expressed that they're willing to maintain a long-term strategic partnership," Mr. Jiang said.

ICBC said its net profit for the year was 128.65 billion yuan, up from 110.84 billion yuan a year earlier.

The bank extended 1.04 trillion yuan of new local-currency loans last year, increasing its outstanding yuan loans by 24% from the end of 2008. But, mirroring results at Bank of China published earlier this week, the fast credit expansion didn't help lift the bank's net-interest income, which fell 6.5% to 24.58 billion yuan last year because of a tight squeeze in net-interest margins following Beijing's aggressive interest-rate cuts in the second half of 2008.

Instead, ICBC attributed its profit growth to lower impairment charges on loans and foreign-currency-denominated debt. In 2009, the bank took an impairment charge of 23.29 billion yuan for these assets, compared with a 55.46 billion yuan charge a year earlier.

ICBC said its assets remained healthy, with its nonperforming-loan ratio falling to 1.54% at the end of last year from 2.29% at the end of 2008.

The bank said it aims to have a nonperforming-loan ratio of less than 1.40% at the end of 2010.

—Rose Yu, Dinny McMahon and Victoria Ruan

Citigroup yard sale crimps turnaround effort

Continued from page 19

That would give Citigroup its first full-year profit since 2007, but nowhere near the $21.54 billion it made in 2006.

The company's strategy seems to be that "we'll ride it out, and it will get better eventually," said Moshe Orenbuch, a bank analyst at Credit Suisse Group. Some investors want "to see more urgency on their part."

Regulators also are pressing Citigroup to move quickly, according to people familiar with the matter.

Mr. Pandit told analysts and investors this month that the company "will continue to reduce Citi Holdings over time through business dispositions, asset sales and organic run-off." More than 15 businesses have been sold, but dumping the rest likely will take at least until the end of 2011, executives said.

Extricating the company from its past mistakes is a major part of Mr. Pandit's campaign to convince skeptics on Wall Street and in Washington that there is no need for a forced dismemberment of Citigroup.

"Why not break it up?" Elizabeth Warren, head of the Congressional Oversight Panel, which scrutinizes financial institutions still on the hook for U.S. government aid, asked Mr. Pandit at a hearing this month. In a reference to the downsizing effort, the CEO replied: "We're selling 40% of the company."

Citi Holdings CEO Michael Corbat, a former Salomon Brothers executive now in charge of the sales push, said Citigroup wants to "get these assets out the door" but "is not a distress seller." Mr. Corbat previously ran the company's global corporate bank and wealth-management units, but some critics wish he had more experience as an engineer of mergers and acquisitions.

"There's a balance between downsizing these nonstrategic assets quickly so they can focus on core assets and not doing so in a fire sale," said Michael Mayo, a banking analyst at Crédit Agricole Securities.

Even some critics give Citigroup credit for being patient. "I would prefer that they take it slower and get higher valuations," said William Smith, president of money manager SAM Advisors LLC, the owner of 90,000 Citigroup shares.

The $168 billion in combined assets at businesses already ditched is equivalent in size to Capital One Financial Corp., the 16th-largest U.S. bank-holding company as of Dec. 31. The biggest headline grabber was Citigroup's sale of a 51% stake in its Smith Barney brokerage business to Morgan Stanley, resulting in a $6.7 billion gain.

The hurdle now is the lousy environment for many of the businesses Citigroup has earmarked for sale. "There's not a worse time to be selling consumer-finance businesses," one investor said.

CitiFinancial, a consumer lender, has a business model that is similar to CIT Group Inc., which suffered as wholesale funding dried up and sought bankruptcy-court protection last year, exiting in December.

CitiFinancial used to be known as Commercial Credit Corp. and was the cornerstone of the empire Sanford Weill built into Travelers Group before merging with Citicorp in 1998 to form Citigroup. As a standalone firm, CitiFinancial could have trouble getting access to cheap credit, some analysts said.

Another business up for sale: a credit-card portfolio with an estimated $40 billion in receivables and private-label cards pitched through retailers like Sears Holdings Corp.

Many would-be buyers are struggling to overcome their own surging late payments and write-offs on credit cards. Citigroup also is trying to sell the whole portfolio in one piece, rather than breaking it apart by brand, according to people familiar with the company's plans. That likely will deplete the pool of potential buyers, because few companies are daring enough to swallow such a large business.

Instead of bundling various private-equity stakes into a small number of sale packages, Citigroup has told investors it plans to sell them one at a time, according to one investor.

Last month's deal to sell a 23% stake in insurer Primerica Inc. to investment firm Warburg Pincus LLC shows the intricate choreography being used by Citigroup to shed unwanted assets while keeping some of their earnings.

Citigroup will get $230 million, and Warburg can invest an additional $100 million in a proposed initial public offering of Primerica. The IPO and Warburg investment likely will reduce the bank's ownership to less than 50%, erasing $5 billion in assets. Citigroup would hold onto $7 billion in insurance assets because they generate steady profits, according to people familiar with the deal's terms.

Sale proceeds are being used to build up Citigroup's cash hoard, now at $193 billion. Executives also are willing to spend aggressively in expanding businesses, including last week's agreement to increase its stake in the controlling shareholder of Banco de Chile SA to 50%. The deal will cost 269.7 billion Chilean pesos ($506.2 million).

—Robin Sidel contributed to this article.

Auction of CDS on Aiful successful

By Megumi Fujikawa And Ditas Lopez

Investors who sold credit protection on **Aiful** Corp. will pay 66% of the amount they guaranteed, following a smooth auction of its credit-default swaps, the first of its kind in Asia.

The auction, held to sort out $1.3 billion in credit-default swaps on the Japanese consumer-finance firm, was seen as a small but key stress test of Asia's credit-derivatives market, which would show how well it could cope with a default or restructuring of debt underlying the default swaps.

The process was also watched by investors ahead of an expected much-bigger auction for credit-default swaps on **Japan Airlines** Co., which filed for bankruptcy protection in January and is going through a government-backed turnaround process.

The auction, held to sort out $1.3 billion in credit-default swaps on the Japanese firm, was seen as a small but key stress test of Asia's credit-derivatives market.

Credit-default swaps are tradable, over-the-counter derivatives that function like insurance against default or restructuring, and are also used to bet on an improvement or deterioration in the health of companies and countries.

The market in credit-default swaps is notoriously opaque. Trades are made over-the-counter rather than over centralized exchanges, creating uncertainty over whether intricate webs of obligations can be settled smoothly when there is a default or restructuring of debt underlying the securities. Auctions were developed to address this issue.

Investors had sold large amounts of swaps to other investors looking for protection on Aiful, which won creditor backing late last year for a debt rescheduling after it fell on hard times because of tighter regulations and slump in Japan's economy.

The auction set a value of 33.875 yen (36.8 U.S. cents) for every 100 yen of Aiful debt, according to Creditfixings.com, a Web site run by auction administrators Creditex Group Inc. and Markit Group Ltd.

Based on that price, sellers of the credit-default swaps referencing Aiful debt will have to pay 66.125 yen on every 100 yen to settle the contracts.

There was net open interest to sell 17.02 billion yen worth of Aiful credit-default swaps from participating bidders. That is roughly half of what the market had expected to be physically settled.

The recovery rate on JAL debt will likely be much lower than on Aiful's, reckons Shinsei Securities analyst Yasuhiro Matsumoto, who expects investors will likely be able to get only 10 yen to 20 yen of the par value of the airline's debt.

Japanese yields surge: Auction demand is thin

By Miho Nakauchi And Megumi Fujikawa

TOKYO—Japanese government bond yields jumped as demand at an auction of two-year debt was weaker than expected.

The benchmark 10-year yield likely will tend to rise as players attempt to close some of their positions ahead of Japan's fiscal year end on March 31, said Naomi Hasegawa, a senior strategist at Mitsubishi UFJ Securities.

BOND MARKETS

She expects the 10-year yield to trade between 1.32% and 1.40% until the end of this month. Thursday, the yield jumped 0.025 percentage point to 1.36%.

The two-year auction was slightly weaker than market expectations. Some dealers were reluctant to purchase the two-year issue before the end of the fiscal year. The government sold 2.425 trillion yen ($26.31 billion) of 0.2% debt at a lowest price of 100.080 to yield 0.159%, slightly lower than market expectations for a price of 100.085.

The auction received 7.2805 trillion yen in bids, for a bid-to-cover ratio of 3.00, down from 4.33 at the most recent two-year sale in February. A higher bid-to-cover ratio is an indication of stronger demand.

The tail, a measure of demand that looks at the difference between the average price and the lowest accepted price, lengthened to 0.007 from 0.005 at the previous tender. A short tail is an indicator of strong demand.

On the day, the two-year yield edged up 0.005 percentage point to 0.145%.

Elsewhere, a second Indian lender prepared to tap the international bond market in as many days.

Axis Bank Ltd. sold $350 million of 5 1/2-year bonds to yield 5.339%, or 2.75 percentage point over comparable U.S. Treasurys, a person familiar with the deal said.

The pricing, rated toward the bottom of the investment-grade spectrum, was tighter than talk of a premium of around 2.80 percentage points.

Barclays Capital, Citigroup, Deutsche Bank, HSBC and J.P. Morgan were in charge of the sale, the person said.

Wednesday, government-owned **Bank of India**, which has the same ratings as Axis Bank, priced a US$500 million 5 1/2-year bond at 2.35 percentage point over Treasurys, the tight end of already tightened yield guidance. The bank said it had received more than $4 billion in orders for the bond.

Barclays Capital, Citigroup, Deutsche Bank, HSBC, and Royal Bank of Scotland handled the sale.

The two offerings come a week after Standard & Poor's Ratings Services restored its stable outlook on ratings of India's government and banks.

—Ditas Lopez in Singapore contributed to this article.

Treasurys slip after another tepid auction

By Kejal Vyas

NEW YORK—Downward pressure on prices of longer-maturity Treasurys remained Thursday after a tepid auction of seven-year bonds as U.S. stocks gained.

The Treasury sold $32 billion in seven-year bonds with a yield of 3.374%, above the 3.33% yield on when-issued notes before the auction, meaning the government had to pay up to get notes sold. The bid-to-cover ratio was 2.61, below the 2.98 seen in February and the 2.83 average of the last four auctions.

U.S. CREDIT MARKETS

Direct bidders took just 8% of the new seven-year notes, compared with a record 17.2% at the February auction and the 11.3% four-auction average. Indirect bidders took 42%, better than the 40.3% last month but lower than the 49.7% recent average.

In afternoon trading, the price of the two-year note was flat at a yield of 1.095%, the 10-year Treasury was down by 7/32 points to yield 3.878% and the 30-year was off by 14/32 to yield 4.754%. The seven-year note declined 6/32 to 3.321%.

The debt sale rounded out the Treasury's $118 billion issuance this week.

Selling in the Treasury market had picked up as Federal Reserve Chairman Ben Bernanke testified before Congress and affirmed his pledge to keep interest rates near zero for an extended period.

"If you listen to Bernanke today, you can see they're not near any kind of tightening program," said Tom Tucci, head of government-bond trading at RBC Capital Markets. That commitment sparked a shift back into riskier assets, including stocks and growth-sensitive currencies like the Australian dollar.

Those shifts come as investors remain concerned about the large amounts of supply the government will have to sell this year to cover its deficit of more than $1 trillion.

Those worries have pushed Treasury prices lower while demand in this week's auctions has been tepid at best, particularly for Wednesday's sale of five-year notes, which saw the worst outcome since July 2009.

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Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
5	**UTI India Pharma A**	UTI International Ltd	USD	Mauritius	**7.92**	143.79	22.38	15.87
NS	**Atlantis China Healthcare**	Atlantis Investment Management	USD	Ireland Limited	**7.94**	97.48	13.21	NS
4	**PF (LUX) Generics I**	Pictet Funds (Europe) S.A.	USD	Luxembrg	**12.21**	73.92	9.58	7.74
NS	**Sigma Life Sciences**	Sigma Fondsforvaltning AS	NOK	Norway	**6.58**	71.24	8.34	NS
5	**Fondsfinans Farmasi-Bioteknologi**	Fondsfinans Kapitalforvaltning ASA	NOK	Norway	**4.91**	55.67	11.51	10.53
2	**Lacuna - Adamant Asia Pacific Health**	IPConcept Fund Management S.A.	EUR	Luxembrg	**4.07**	54.85	1.35	NS
4	**KBC Equity Medical Technologies Acc**	KBC Asset Management N.V.	USD	Belgium	**4.15**	50.38	-0.18	1.52
4	**Argenta Farma-chemie Europa**	Argenta Spaarbank N.V.	EUR	Luxembrg	**-3.74**	49.13	-0.86	8.57
3	**KBC Equity Pharma Growth Acc**	KBC Asset Management N.V.	EUR	Belgium	**4.29**	48.44	6.43	4.45
1	**AXA Framlington Health Acc**	AXA Investment Managers UK Ltd.	GBP	United Kingdom	**8.33**	46.96	5.35	2.77

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/23	EUR	53.26	-2.5	47.8	-18.3
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/24	USD	10.88	4.9	46.4	-7.0
Am Eq Blend B	US	EQ	LUX	03/24	USD	10.20	4.6	45.1	-7.9
Am Growth A	US	EQ	LUX	03/24	USD	31.90	2.1	44.5	3.0
Am Growth AX	US	EQ	LUX	03/24	USD	34.48	2.3	45.3	3.6
Am Growth B	US	EQ	LUX	03/24	USD	26.76	1.9	43.0	2.0
Am Growth C	US	EQ	LUX	03/24	USD	28.84	2.1	43.8	2.6
Am Growth I	US	EQ	LUX	03/24	USD	35.42	2.3	45.6	3.9
Am Income A	US	BD	LUX	03/24	USD	8.56	2.5	28.3	7.1
Am Income A2	US	BD	LUX	03/24	USD	19.59	2.9	28.3	7.1
Am Income A2	OT	OT	NA	03/24	HKD	152.05	2.9	28.3	7.1
Am Income AT	OT	OT	NA	03/24	HKD	66.52	2.9	28.3	7.1
Am Income AT	US	BD	LUX	03/24	USD	8.57	2.9	28.3	7.1
Am Income B	US	BD	LUX	03/24	USD	8.56	2.4	27.3	6.2
Am Income B2	US	BD	LUX	03/24	USD	16.86	2.7	27.4	6.3
Am Income B2	OT	OT	NA	03/24	HKD	130.86	2.7	27.4	6.3
Am Income BT	OT	OT	NA	03/24	HKD	66.91	2.8	27.5	6.4
Am Income BT	US	BD	LUX	03/24	USD	8.62	2.8	27.5	6.4
Am Income C	US	BD	LUX	03/24	USD	8.56	2.4	27.7	6.5
Am Income C2	US	BD	LUX	03/24	USD	25.08	2.8	27.8	6.6
Am Income I	US	BD	LUX	03/24	USD	8.56	2.6	29.1	7.7
Am Value A	US	EQ	LUX	03/24	USD	8.90	4.3	34.6	-6.3
Am Value B	US	EQ	LUX	03/24	USD	8.17	4.1	33.3	-7.2
Am Value C	US	EQ	LUX	03/24	USD	8.89	4.2	34.1	-6.7
Am Value I	US	EQ	LUX	03/24	USD	9.59	4.5	35.6	-5.5
Emg Mkts Debt A	GL	BD	LUX	03/24	USD	15.99	3.9	43.5	9.9
Emg Mkts Debt A2	GL	BD	LUX	03/24	USD	20.97	4.3	43.3	10.0
Emg Mkts Debt AT	GL	BD	LUX	03/24	USD	16.10	4.3	43.5	10.0
Emg Mkts Debt B	GL	BD	LUX	03/24	USD	15.99	3.7	42.2	8.9
Emg Mkts Debt B2	GL	BD	LUX	03/24	USD	20.15	4.1	41.9	8.9
Emg Mkts Debt BT	GL	BD	LUX	03/24	USD	16.07	4.1	41.9	8.9
Emg Mkts Debt C	GL	BD	LUX	03/24	USD	15.99	3.8	42.9	9.5
Emg Mkts Debt C2	GL	BD	LUX	03/24	USD	20.59	4.2	42.7	9.5
Emg Mkts Debt I	GL	BD	LUX	03/24	USD	15.99	4.0	44.2	10.5
Emg Mkts Growth A	GL	EQ	LUX	03/24	USD	34.37	-0.8	68.7	-6.8
Emg Mkts Growth B	GL	EQ	LUX	03/24	USD	29.07	-1.0	67.1	-7.7
Emg Mkts Growth C	GL	EQ	LUX	03/24	USD	29.77	-0.9	68.0	-7.2
Emg Mkts Growth I	GL	EQ	LUX	03/24	USD	38.17	-0.6	70.1	-6.1
Eur Growth A	OT	OT	LUX	03/24	USD	9.82	4.8	42.8	-7.4
Eur Growth A	OT	OT	LUX	03/24	EUR	7.37	4.8	42.8	-7.4
Eur Growth B	OT	OT	LUX	03/24	EUR	6.61	4.6	41.2	-8.3
Eur Growth B	OT	OT	LUX	03/24	USD	8.80	4.6	41.2	-8.3
Eur Growth C	EU	EQ	LUX	03/24	EUR	5.58	4.7	42.0	-7.8
Eur Growth I	OT	OT	LUX	03/24	USD	10.71	4.8	43.6	-6.7
Eur Growth I	OT	OT	LUX	03/24	EUR	8.04	4.8	43.6	-6.7
Eur Income A	OT	OT	LUX	03/24	EUR	6.84	4.6	55.3	8.9
Eur Income A	OT	OT	LUX	03/24	USD	9.11	4.6	55.3	8.9
Eur Income A2	OT	OT	LUX	03/24	EUR	13.52	5.1	55.0	8.9
Eur Income A2	OT	OT	LUX	03/24	USD	18.01	5.1	55.0	8.9
Eur Income AT	EU	BD	LUX	03/24	EUR	6.85	5.1	55.2	8.9
Eur Income B	OT	OT	LUX	03/24	EUR	6.84	4.5	54.4	8.2
Eur Income B	OT	OT	LUX	03/24	USD	9.11	4.5	54.4	8.2
Eur Income B2	OT	OT	LUX	03/24	EUR	12.55	4.8	54.0	8.1
Eur Income B2	OT	OT	LUX	03/24	USD	16.71	4.8	54.0	8.1
Eur Income BT	EU	BD	LUX	03/24	EUR	6.85	4.8	54.0	8.2
Eur Income C	OT	OT	LUX	03/24	EUR	6.84	4.6	54.7	8.4
Eur Income C	OT	OT	LUX	03/24	USD	9.11	4.6	54.7	8.4
Eur Income C2	OT	OT	LUX	03/24	EUR	13.46	4.9	54.4	8.4
Eur Income C2	OT	OT	LUX	03/24	USD	17.93	4.9	54.4	8.4
Eur Income I	OT	OT	LUX	03/24	EUR	6.84	4.7	56.0	9.5
Eur Income I	OT	OT	LUX	03/24	USD	9.11	4.7	56.0	9.5
Eur Strat Value A	OT	OT	LUX	03/24	EUR	8.78	2.9	45.4	-12.7
Eur Strat Value A	OT	OT	LUX	03/24	USD	11.69	2.9	45.4	-12.7
Eur Strat Value I	OT	OT	LUX	03/24	EUR	9.00	3.0	46.6	-12.0
Eur Strat Value I	OT	OT	LUX	03/24	USD	11.99	3.0	46.6	-12.0
Eur Value A	OT	OT	LUX	03/24	EUR	9.44	2.6	48.0	-8.7
Eur Value A	OT	OT	LUX	03/24	USD	12.57	2.6	48.0	-8.7
Eur Value B	OT	OT	LUX	03/24	USD	11.55	2.5	46.7	-9.6
Eur Value B	OT	OT	LUX	03/24	EUR	8.67	2.5	46.7	-9.6
Eur Value C	OT	OT	LUX	03/24	USD	12.15	2.6	47.3	-9.1
Eur Value C	OT	OT	LUX	03/24	EUR	9.12	2.6	47.3	-9.1
Eur Value I	OT	OT	LUX	03/24	USD	14.56	2.9	49.3	-8.0
Eur Value I	OT	OT	LUX	03/24	EUR	10.93	2.9	49.3	-8.0
Gl Balanced (Euro) A	OT	OT	LUX	03/24	USD	15.82	3.6	33.0	-5.2
Gl Balanced (Euro) B	OT	OT	LUX	03/24	USD	15.38	3.4	31.8	-6.1
Gl Balanced (Euro) C	OT	OT	LUX	03/24	USD	15.69	3.5	32.7	-5.4
Gl Balanced (Euro) I	OT	OT	LUX	03/24	USD	16.14	3.8	NS	NS
Gl Balanced A	US	BA	LUX	03/24	USD	16.65	1.0	33.4	-6.6
Gl Balanced B	US	BA	LUX	03/24	USD	15.79	0.8	32.0	-7.5
Gl Balanced C	OT	OT	LUX	03/24	USD	16.39	0.9	33.0	-6.9
Gl Balanced C	OT	OT	LUX	03/24	EUR	12.31	0.9	33.0	-6.9
Gl Balanced I	US	BA	LUX	03/24	USD	17.29	1.2	34.3	-5.9
Gl Bond A	US	BD	LUX	03/24	USD	9.39	2.3	17.7	5.1
Gl Bond A2	US	BD	LUX	03/24	USD	16.42	2.6	17.7	5.0
Gl Bond A2	OT	OT	NA	03/24	HKD	127.45	2.6	17.7	5.0
Gl Bond AT	OT	OT	LUX	03/24	HKD	72.88	2.5	17.5	5.0
Gl Bond AT	US	BD	LUX	03/24	USD	9.39	2.5	17.5	5.0
Gl Bond B	US	BD	LUX	03/24	USD	9.39	2.1	16.5	4.0
Gl Bond B2	US	BD	LUX	03/24	USD	14.34	2.3	16.4	4.0
Gl Bond B2	OT	OT	NA	03/24	HKD	111.30	2.3	16.4	4.0
Gl Bond BT	OT	OT	LUX	03/24	HKD	73.19	2.4	16.5	4.0
Gl Bond BT	US	BD	LUX	03/24	USD	9.43	2.4	16.5	4.0
Gl Bond C	US	BD	LUX	03/24	USD	9.39	2.2	17.1	4.6
Gl Bond C2	US	BD	LUX	03/24	USD	14.23	2.4	17.1	4.5
Gl Bond I	US	BD	LUX	03/24	USD	9.39	2.4	18.3	5.7
Gl Conservative A	US	BA	LUX	03/24	USD	14.99	1.3	21.4	-1.6
Gl Conservative A2	US	BA	LUX	03/24	USD	17.15	1.3	21.5	-1.6
Gl Conservative B	US	BA	LUX	03/24	USD	14.98	1.1	20.2	-2.6
Gl Conservative B2	US	BA	LUX	03/24	USD	16.25	1.0	20.2	-2.6
Gl Conservative C	US	BA	LUX	03/24	USD	14.98	1.2	20.9	-2.1
Gl Conservative C2	US	BA	LUX	03/24	USD	16.75	1.1	20.9	-2.1
Gl Conservative I	US	BA	LUX	03/24	USD	15.06	1.4	22.5	-0.8
Gl Eq Blend A	GL	EQ	LUX	03/24	USD	11.65	-0.1	43.8	-15.2
Gl Eq Blend B	GL	EQ	LUX	03/24	USD	10.91	-0.4	42.4	-16.0
Gl Eq Blend C	GL	EQ	LUX	03/24	USD	11.43	-0.3	43.2	-15.6
Gl Eq Blend I	GL	EQ	LUX	03/24	USD	12.31	0.1	45.0	-14.5
Gl Growth A	GL	EQ	LUX	03/24	USD	42.06	0.4	41.0	-15.2
Gl Growth B	GL	EQ	LUX	03/24	USD	35.03	0.1	39.5	-16.1
Gl Growth C	GL	EQ	LUX	03/24	USD	40.32	0.3	40.3	-15.6
Gl Growth I	GL	EQ	LUX	03/24	USD	46.79	0.6	42.1	-14.5
Gl High Yield A	US	BD	LUX	03/24	USD	4.48	4.9	64.6	9.0
Gl High Yield A2	US	BD	LUX	03/24	USD	9.75	5.3	64.4	9.0
Gl High Yield A2	OT	OT	NA	03/24	HKD	75.68	5.3	64.4	9.0
Gl High Yield AT	OT	OT	NA	03/24	HKD	34.54	5.4	64.6	9.0
Gl High Yield AT	US	BD	LUX	03/24	USD	4.45	5.4	64.6	9.0
Gl High Yield B	US	BD	LUX	03/24	USD	4.48	4.7	62.6	7.7
Gl High Yield B2	US	BD	LUX	03/24	USD	15.64	5.1	62.7	7.9
Gl High Yield B2	OT	OT	NA	03/24	HKD	121.39	5.1	62.7	7.9
Gl High Yield BT	OT	OT	NA	03/24	HKD	35.16	5.1	62.7	7.9
Gl High Yield BT	US	BD	LUX	03/24	USD	4.53	5.1	62.7	7.9
Gl High Yield C	US	BD	LUX	03/24	USD	4.48	4.8	63.7	8.4
Gl High Yield C2	US	BD	LUX	03/24	USD	14.44	5.2	63.7	8.5
Gl High Yield I	US	BD	LUX	03/24	USD	4.48	5.0	65.7	9.7
Gl Thematic Res. A	OT	OT	LUX	03/24	USD	14.89	1.1	64.2	1.9
Gl Thematic Res. B	OT	OT	LUX	03/24	USD	13.00	0.9	62.7	0.9
Gl Thematic Res. I	OT	OT	LUX	03/24	USD	16.63	1.2	65.5	2.7
Gl Value A	GL	EQ	LUX	03/24	USD	11.08	-0.5	47.1	-15.2
Gl Value B	GL	EQ	LUX	03/24	USD	10.16	-0.8	45.8	-16.0
Gl Value C	GL	EQ	LUX	03/24	USD	10.76	-0.6	46.4	-15.5
Gl Value I	GL	EQ	LUX	03/24	USD	11.81	-0.3	48.4	-14.5
Greater China A	AS	EQ	LUX	03/24	USD	38.92	-2.8	49.6	-4.4
Greater China B	AS	EQ	LUX	03/24	USD	34.36	-3.0	48.2	-5.4
Greater China C	AS	EQ	LUX	03/24	USD	38.39	-2.9	49.0	-4.8
India Growth A	OT	OT	LUX	03/23	USD	131.94	4.0	NS	NS
India Growth AX	OT	OT	LUX	03/23	USD	115.41	4.0	118.7	3.3
India Growth B	OT	OT	LUX	03/23	USD	137.91	3.7	NS	NS
India Growth BX	OT	OT	LUX	03/23	USD	98.42	3.8	116.5	2.2
India Growth I	EA	EQ	LUX	03/23	USD	119.73	4.1	119.7	3.7
Int'l Health Care A	OT	EQ	LUX	03/24	USD	144.40	5.0	36.0	-0.9
Int'l Health Care B	OT	EQ	LUX	03/24	USD	121.52	4.8	34.7	-1.9
Int'l Health Care C	OT	EQ	LUX	03/24	USD	138.24	4.9	35.4	-1.3
Int'l Health Care I	OT	EQ	LUX	03/24	USD	158.05	5.2	37.1	-0.1
Int'l Technology A	OT	EQ	LUX	03/24	USD	112.52	2.0	54.9	-1.4
Int'l Technology B	OT	EQ	LUX	03/24	USD	97.28	1.7	53.4	-2.4
Int'l Technology C	OT	EQ	LUX	03/24	USD	108.63	1.9	54.3	-1.9
Int'l Technology I	OT	EQ	LUX	03/24	USD	126.40	2.1	56.2	-0.6
Japan Eq Blend A	JP	EQ	LUX	03/24	JPY	6216.00	3.2	27.7	-12.1
Japan Eq Blend B	JP	EQ	LUX	03/24	JPY	5985.00	3.0	26.4	-12.9
Japan Eq Blend C	JP	EQ	LUX	03/24	JPY	6111.00	3.1	27.1	-12.5
Japan Growth A	JP	EQ	LUX	03/24	JPY	5880.00	0.1	17.8	-14.2
Japan Growth B	JP	EQ	LUX	03/24	JPY	5661.00	-0.1	16.6	-15.0
Japan Growth C	JP	EQ	LUX	03/24	JPY	5781.00	0.0	17.3	-14.6
Japan Strat Value A	JP	EQ	LUX	03/24	JPY	6498.00	6.2	37.5	-10.4
Japan Strat Value B	JP	EQ	LUX	03/24	JPY	6263.00	6.0	36.1	-11.3
Japan Strat Value C	JP	EQ	LUX	03/24	JPY	6382.00	6.0	36.8	-10.8
Real Estate Sec. A	OT	EQ	LUX	03/24	USD	14.68	2.3	71.9	-10.1
Real Estate Sec. B	OT	EQ	LUX	03/24	USD	13.39	2.1	70.4	-11.0
Real Estate Sec. I	OT	EQ	LUX	03/24	USD	15.80	2.5	73.2	-9.4
Short Mat Dollar A	US	BD	LUX	03/24	USD	7.35	1.7	16.3	-0.7
Short Mat Dollar A2	US	BD	LUX	03/24	USD	9.98	1.9	16.3	-0.8
Short Mat Dollar AT	US	BD	LUX	03/24	USD	7.35	2.0	16.3	-0.8
Short Mat Dollar B	US	BD	LUX	03/24	USD	7.35	1.6	15.8	-1.2
Short Mat Dollar B2	US	BD	LUX	03/24	USD	9.92	1.8	15.8	-1.2
Short Mat Dollar BT	OT	OT	LUX	03/24	USD	7.36	1.8	NS	-1.5
Short Mat Dollar C	US	BD	LUX	03/24	USD	7.35	1.6	15.8	-1.2
Short Mat Dollar C2	US	BD	LUX	03/24	USD	14.02	1.8	15.7	-1.3
Short Mat Dollar I	US	BD	LUX	03/24	USD	7.35	1.8	16.9	-0.2

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
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Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	02/26	USD	1828.22	8.1	78.9	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/23	USD	107.18	7.2	30.0	22.7
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/23	USD	40.93	0.4	-50.7	-17.8
Superfund GCT USD*	GL	EQ	LUX	03/23	USD	2175.00	-0.9	-40.1	-16.9
Superfund Green Gold A (SPC)	OT	OT	CYM	03/23	USD	964.14	0.0	-18.9	-5.8
Superfund Green Gold B (SPC)	OT	OT	CYM	03/23	USD	933.64	-0.2	-32.3	-12.3
Superfund Q-AG*	OT	OT	AUT	03/23	EUR	6706.00	1.3	-23.4	-3.8
WINTON CAPITAL MANAGEMENT LTD									
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Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/25	EUR	53.04	0.8	52.8	-0.6
Industria AE	EU	EQ	DEU	03/25	EUR	72.79	2.0	42.4	-7.2
InternRent AE	EU	BD	DEU	03/25	EUR	37.89	8.0	12.2	11.8
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/11	USD	307009.86	11.8	161.9	15.6

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MARKETS

U.S., European stocks reach 18-month highs

By Kristina Peterson And Donna Kardos Yesalavich

NEW YORK—U.S. stocks climbed to 18-month highs as U.S. Federal Reserve Chairman Ben Bernanke reiterated the need for low interest rates.

The Dow Jones Industrial Average was up 110.04 points, or 1%, to 10946.19 in early afternoon trading Thursday. The benchmark's gains extend a steady rally that has seen blue chips gain 6% this month and nearly 5% this year. The move, driven in large part by increased optimism about the economy, has lifted the Dow some 41% from a year ago, while small-cap stocks have climbed even more.

ABREAST OF THE MARKET

Bank of America rose 4.1% as it built on gains from Wednesday, when the bank announced it would reduce mortgage-loan balances by as much as 30% for many troubled borrowers. The Dow's other financial components were also strong, with **J.P. Morgan Chase** up 2.2% and **American Express** up 2.8%.

The strength in the financial sector came as Mr. Bernanke said the economy "continues to require the support of accommodative monetary policies," according to a prepared text of his testimony at a hearing before the House Financial Services Committee. Investors said the testimony was reassuring.

"It was a reiteration of the core message that came out of the FOMC statement a week ago," said Jim Baird, partner and chief investment strategist for Plante Moran Financial Advisors.

The Standard & Poor's 500-stock index advanced 1% to 1179.78. The Nasdaq Composite climbed 1.3% to 2429.26. **Qualcomm** jumped 6% after the company, which sells chips used in cell phones and licenses the technology used to connect to wireless networks, raised its fiscal second-quarter outlook.

Best Buy jumped 5.4% after posting fiscal fourth-quarter earnings and providing a fiscal 2011 outlook notably higher than the Street's estimate.

European stocks

European shares climbed to another 18-month high as investors hoped that European leaders will hammer out a solution to Greece's debt woes.

As markets closed, France and Germany were outlining a proposal that would include International Monetary Fund backing.

The Stoxx Europe 600 index rose 1% to 264.68, its third consecutive gain. Among national indexes, the U.K. FTSE 100 index rose 0.9% to 5727.65, the German DAX index gained 1.6% to 6132.95 and the French CAC-40 index advanced 1.3% to 4000.48. The Greek market was closed for a holiday.

Renault rose 5.1% and **Daimler** climbed 1.5% on continued speculation of an alliance that would involve minority stakes.

Dollar falls on Bernanke talk; ECB aids euro

By Fabio Alves

The U.S. dollar and the yen lost ground against most rivals as the Federal Reserve chairman reiterated the need to keep interest rates low for an extended period.

The euro, meanwhile, rebounded from a 10-month low of $1.3283 after the head of the European Central Bank removed a threat that the bank might not lend against the security of Greek bonds next year. Instead, the ECB will continue to accept bonds with ratings as low as triple-B-minus as collateral.

CURRENCY MARKETS

The dollar weakened against the New Zealand, Canadian and Australian currencies after Fed Chairman Ben Bernanke said during a congressional hearing that the U.S. economy still needs near-zero interest rates.

"The fact that Bernanke is spending more time talking about the weakness in the U.S. economy and constraints that still lie ahead instead of exit strategies is dollar-bearish," said Kathy Lien, director of currency research at GFT Forex in New York.

Early afternoon in New York, the euro was at $1.3326 from $1.3324 late Wednesday. The dollar was at 92.86 Japanese yen from 90.14 yen, while the euro was at 123.75 yen from 122.77 yen. The U.K. pound was at $1.4835 from $1.4875. The dollar was at 1.0720 Swiss francs, from 1.0729 francs.

Hong Kong shares fall as earnings disappoint

By Shri Navaratnam And Leslie Shaffer

Hong Kong shares slid Thursday following weaker-than-expected earnings from trading firm **Li & Fung** and **China Unicom (Hong Kong)**, though Japanese exporters were aided by the yen's weakness overnight.

Sentiment was weak across many Asian markets amid persistent concerns about fiscal problems in the euro zone. Commodity-linked shares were broadly lower.

ASIAN-PACIFIC STOCKS

"In light of weaker commodity prices, concern about Portugal's credit rating and European sovereign debt generally, and disappointing U.S. economic data, equities have been fairly resilient," said Macquarie Private Wealth associate director Marcus Droga in Sydney. "But I expect some further weakness across the board because the downgrade of Portugal highlights the fact that European sovereign debt problems haven't been resolved and could possibly be systemic."

On Wednesday, Fitch Ratings downgraded Portugal's credit rating by one notch and issued a negative outlook for the euro-zone nation, further denting investors' appetite for risk as Greece's debt woes continued to roil markets.

Hong Kong's Hang Seng Index fell 1.1% to 20778.55, China's Shanghai Composite lost 1.2% to 3019.18, and Japan's Nikkei Average of 225 companies added 0.1% to 10828.85.

Li & Fung tumbled nearly 11% in heavy volume although the trading firm posted a record 2009 profit, as the performance fell short of estimates and as J.P. Morgan downgraded the stock to "neutral."

China Unicom dropped 4.1% after the company reported a 73% drop in 2009 profit.

In Shanghai, Chinese banks and property stocks pressured the market amid continued worries that rising inflation could force authorities to tighten monetary policy. **Gemdale** lost 2.1% and **Poly Real Estate Group** gave up 1.9%, while **China Citic Bank** lost 2.4%.

Several exporters gained in Tokyo after the yen fell against the U.S. dollar Wednesday.

"The dollar in the 91 to 92-yen zone is raising expectations for a brighter corporate earnings climate," said Nikko Cordial Securities equity manager Hiroishi Nishi.

Honda Motor gained 1.2% and **Mazda Motor** climbed 1.3%.

Materials stocks were broadly lower after commodity prices declined overnight. **Lihir Gold** declined 2% in Sydney, **Aluminum Corp. of China** lost 1.3% and **Shandong Gold Mining** shrank 2.1% in Shanghai, while **Zhaojin Mining Industry** moved 3.1% lower in Hong Kong.

Santos rose 2.7% in Sydney, although **Woodside Petroleum**'s chief executive officer denied a media report that it planned a $13.6 billion bid for Santos.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/19	USD	1307.61	5.2	31.2	-5.1
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/22	JPY	14639.66	-5.8	63.2	6.8
GAM Asia Equity Hedge US	OT	OT	VGB	03/22	USD	273.64	-5.7	71.2	8.3
GAM Asia Equity USD	OT	OT	VGB	03/24	USD	642.92	-1.7	62.9	-3.6
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/23	USD	1359.38	6.0	47.6	-5.7
GAM Com Glb Bal EUR Op	US	BA	VGB	03/15	EUR	98.23	1.7	32.3	-5.2
GAM Com Glb Bal USD Op	US	BA	VGB	03/15	USD	129.94	1.7	32.3	-5.2
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/15	EUR	102.01	1.8	55.0	-9.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/15	USD	129.80	1.8	55.0	-9.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/15	EUR	89.29	1.1	38.4	-8.2
GAM Comp Glb Gr USD Op	US	BA	VGB	03/15	USD	128.45	1.1	38.4	-8.2
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/19	USD	259.62	4.4	60.6	-1.7
GAM Cross Trading Inc	OT	OT	VGB	03/15	USD	461.27	-1.0	3.3	NS
GAM Diversity CHF Op	OT	OT	VGB	03/15	CHF	94.61	0.3	3.7	-5.6
GAM Diversity EUR Op	OT	OT	VGB	03/15	EUR	651.39	0.4	4.9	-4.1
GAM Diversity USD 2.5XL	OT	OT	VGB	03/15	USD	78.83	0.7	8.2	-16.4
GAM Diversity USD Op	OT	OT	VGB	03/15	USD	684.14	0.5	4.5	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	03/15	CHF	99.80	0.3	3.0	-5.1
GAM Dvrsty II EUR Op	OT	OT	VGB	03/15	EUR	139.31	0.4	3.3	-4.1
GAM Dvrsty II USD Op	OT	OT	VGB	03/15	USD	211.02	0.4	3.6	-4.4
GAM DvrstyIII EUR Op	OT	OT	VGB	03/15	EUR	115.98	0.4	3.3	-4.2
GAM DvrstyIII USD Op	OT	OT	VGB	03/15	USD	122.48	0.4	3.6	-4.4
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/22	EUR	225.48	3.0	17.0	0.5
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/22	USD	209.21	2.9	18.3	2.1
GAM European Equity USD	OT	OT	VGB	03/23	USD	286.76	-2.2	40.1	-7.9
GAM GAMCO	OT	EQ	VGB	03/23	USD	870.90	7.4	75.9	-1.8
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/22	EUR	99.36	1.5	15.0	-13.1
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/22	USD	104.83	1.6	15.7	-12.2
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/22	USD	261.08	4.5	50.4	0.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/22	USD	274.44	-4.3	105.1	29.7
GAM Intrst Trend II	GL	BD	VGB	03/22	USD	111.28	18.2	100.8	2.7
GAM Intrst Trend Inc	OT	OT	VGB	03/22	USD	297.81	18.4	117.6	5.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/22	EUR	129.36	10.8	29.5	7.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/22	USD	132.41	8.5	27.5	-5.8
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/22	JPY	9113.20	8.4	28.6	-5.2
GAM Japan USD	JP	EQ	VGB	03/24	USD	1203.71	9.2	27.9	-7.9
GAM Japan YEN	JP	EQ	VGB	03/24	JPY	9584.59	8.6	23.7	-10.9
GAM Money Mkt EuroOp	EU	MM	VGB	03/23	EUR	51.17	0.7	0.8	1.6
GAM Money Mkt USD	US	MM	VGB	03/23	USD	100.04	0.2	0.0	0.5
GAM Multi-Arb EUR Op	OT	OT	VGB	03/15	EUR	112.78	1.4	1.2	-6.8
GAM Multi-Arb USD Op	OT	OT	VGB	03/15	USD	117.67	1.4	1.4	-7.0
GAM Multi-China EUR Op	OT	OT	VGB	03/22	EUR	165.57	-1.4	10.4	-0.9
GAM Multi-China USD Op	OT	OT	VGB	03/22	USD	174.46	-1.2	11.2	-1.3
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/22	GBP	132.09	0.4	26.0	0.6
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/22	USD	653.74	0.4	26.1	0.2
GAM Multi-Eur EUR Op	OT	OT	VGB	03/22	EUR	268.84	0.0	6.0	-4.0
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/22	EUR	138.33	0.0	6.0	-4.0
GAM Multi-Eur II USD Op	OT	OT	VGB	03/22	USD	113.06	0.0	5.9	-5.0
GAM Multi-Eur USD Op	OT	OT	VGB	03/22	USD	468.06	0.1	6.0	-4.8
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/22	EUR	133.67	-0.2	7.2	-0.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/22	USD	217.46	-0.3	7.3	-0.7
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/22	EUR	142.53	-0.6	3.5	-1.0
GAM Multi-Pac USD Op	OT	OT	VGB	03/22	USD	164.66	-0.5	3.9	-1.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/19	USD	2783.21	5.5	74.7	13.8
GAM Sing/Malaysia	AS	EQ	VGB	03/24	USD	2524.54	0.0	70.5	-0.6
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/22	GBP	244.65	6.4	65.5	8.7
GAM Trading EUR Inc	OT	OT	VGB	03/15	EUR	321.78	-1.0	2.9	2.4
GAM Trading USD Inc	OT	OT	VGB	03/15	USD	963.56	-1.0	3.4	1.7
GAM Trdg II IncEUR Op	OT	OT	VGB	03/15	EUR	137.69	-1.0	2.8	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/15	USD	312.87	-1.0	3.4	1.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/15	EUR	145.21	-1.1	2.7	2.1
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/15	USD	152.96	-1.0	3.1	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/15	EUR	123.10	-1.1	2.5	2.0
GAM Trdg V IncUSD Op	OT	OT	VGB	03/15	USD	128.33	-1.0	3.1	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/15	EUR	155.25	-1.1	2.7	2.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/15	USD	160.89	-1.0	3.2	1.5
GAM USDSpecBondInc	US	BD	VGB	03/22	USD	586.06	10.6	116.3	14.4
GAM Worldwide	GL	EQ	VGB	03/23	USD	2215.83	-0.4	41.6	-5.4
GAMut Investments	OT	OT	VGB	03/17	USD	7707.81	1.7	3.6	6.5

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/23	CHF	11.01	-0.2	50.5	-0.8
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/23	EUR	12.36	3.8	64.4	4.6
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/23	GBP	1.65	5.2	57.8	12.5
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/23	USD	13.11	-2.3	63.2	-1.9
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/23	EUR	112.02	10.7	39.7	0.6
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/23	EUR	108.41	10.7	39.7	0.6
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/24	EUR	11.50	4.6	43.2	0.6
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/23	EUR	190.50	4.0	43.5	-1.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/23	EUR	174.07	4.0	43.4	-1.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/23	USD	15.68	-2.0	42.2	-7.7
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/23	USD	14.22	-2.0	42.1	-7.7
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/23	USD	6.05	10.2	48.6	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/24	EUR	99.31	12.9	27.6	-0.1
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/24	EUR	99.31	12.9	27.6	-0.1
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/24	JPY	997.74	8.3	22.7	-10.7
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/24	USD	12.08	8.6	26.3	-8.1
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/23	USD	2231.69	-0.3	42.5	-4.8

LIST YOUR FUNDS

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
American Growth	US	EQ	LUX	03/24	USD	15.92	4.2	43.1	-5.5
American Growth AA	US	EQ	LUX	03/24	USD	0.92	4.2	42.7	-4.3
Asian Equity	AS	EQ	LUX	03/24	USD	2.42	-1.1	60.4	-1.0
Asian Equity AA	AS	EQ	LUX	03/24	USD	0.78	-1.2	59.8	-1.3
Asian Sm Cap Equity AA	AS	EQ	LUX	03/24	USD	1.22	5.2	108.5	7.2
China Value A	AS	EQ	LUX	03/24	USD	6.90	-2.9	57.0	5.5
China Value AA	AS	EQ	LUX	03/24	USD	2.17	-3.0	56.6	5.2
Dragon Growth	AS	EQ	LUX	03/24	USD	1.60	-2.5	56.3	1.6
Dragon Growth AA	OT	OT	LUX	03/24	HKD	7.79	-2.4	56.2	1.1
Emg Eastrn Europe A	EU	EQ	LUX	03/24	USD	4.73	2.5	100.8	-10.9
Emg Eastrn Europe AA	EU	EQ	LUX	03/24	USD	2.04	2.5	100.5	-11.1
European Growth	EU	EQ	LUX	03/24	USD	8.86	-3.3	51.3	-13.7
European Growth AA	EU	EQ	LUX	03/24	USD	0.63	-3.3	51.0	-13.9
Global Contrarain AA	GL	EQ	LUX	03/25	USD	0.93	5.6	87.2	NS
Global Property AA	OT	EQ	LUX	03/24	USD	0.69	2.4	74.3	-6.7
Global Resources AA	OT	EQ	LUX	03/24	USD	1.08	-0.4	41.6	-10.4
Healthcare AA	OT	EQ	LUX	03/25	USD	1.01	8.0	36.9	NS
India Equity AA	EA	EQ	LUX	03/24	USD	1.10	0.2	90.0	-0.7
International Growth	GL	EQ	LUX	03/24	USD	3.09	1.2	34.3	-9.6
International Growth AA	GL	EQ	LUX	03/24	USD	0.72	1.1	34.0	-9.9
Japanese Growth	JP	EQ	LUX	03/24	USD	2.86	3.8	28.4	-7.7
Japanese Growth AA	JP	EQ	LUX	03/24	USD	0.75	4.4	29.0	-7.6
Latin America Equity AA	GL	EQ	LUX	03/24	USD	1.29	0.2	90.3	-1.1
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/24	USD	1.04	3.8	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/24	USD	1.16	1.4	NS	NS
Russia Equity AA	EE	EQ	LUX	03/24	USD	0.69	7.3	111.0	-14.8
Taiwan Equity AA	AS	EQ	LUX	03/24	USD	1.02	-5.2	62.8	-2.3
Turkey Equity AA	EE	EQ	LUX	03/24	USD	0.78	1.5	143.4	5.6
U.S. Bond AA	US	BD	LUX	03/24	USD	1.14	3.2	20.7	8.4
U.S. Sm Cap Equity AA	US	EQ	LUX	03/24	USD	0.94	15.3	82.5	1.6
U.S. Special Opportunities	OT	OT	LUX	03/24	USD	0.90	11.3	106.0	13.0
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/24	USD	1.14	0.5	6.2	0.7

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Indonesian Grth Fund	EA	EQ	CYM	03/17	USD	140.57	10.4	157.3	4.4

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A Value Partners Group company

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Asia Value Formula Fd-B	AS	EQ	CYM	03/24	USD	8.21	2.4	82.0	3.2

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Bonds Eur Hi Yld A	OT	OT	LUX	03/24	EUR	21.87	6.3	62.2	7.4
Bonds EURO A	OT	OT	LUX	03/24	EUR	41.81	1.9	6.3	5.0
Bonds EUROPE A	OT	OT	LUX	03/23	EUR	39.85	1.9	5.0	4.4
Bonds US OppsCoreplus A	OT	OT	LUX	03/23	USD	37.64	2.0	17.3	8.0
Bonds World A	OT	OT	LUX	03/24	USD	41.17	-2.0	8.0	0.8
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/24	USD	10.34	-0.8	66.6	-1.0
Eq. China A	AS	EQ	LUX	03/24	USD	22.72	-5.9	49.5	2.7
Eq. Concentrated Euroland A	OT	OT	LUX	03/24	EUR	92.36	-0.6	29.6	-8.9
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/24	EUR	27.33	1.2	43.3	-8.0
Eq. Emerging Europe A	OT	OT	LUX	03/24	EUR	26.13	10.9	88.8	-13.1
Eq. Euroland A	EU	EQ	LUX	03/24	EUR	10.83	0.0	37.2	-9.8
Eq. Euroland Small Cap A	OT	OT	LUX	03/24	EUR	149.65	6.0	57.5	-1.6
Eq. EurolandCyclclsA	EU	EQ	LUX	03/24	EUR	18.51	4.0	43.1	-4.4
Eq. EurolandFinancialA	OT	EQ	LUX	03/24	EUR	10.92	-3.5	55.1	-14.3
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/24	USD	9.13	-5.7	51.4	-9.6
Eq. Global A	GL	EQ	LUX	03/24	USD	28.48	2.3	48.0	-7.0
Eq. Global Energy A	OT	EQ	LUX	03/24	USD	17.57	-3.1	28.0	-11.8
Eq. Global Resources A	OT	OT	LUX	03/24	USD	107.11	-1.9	43.0	-9.1
Eq. Gold Mines A	OT	EQ	LUX	03/24	USD	29.03	-4.2	24.1	-2.9
Eq. India A	OT	OT	LUX	03/23	USD	131.54	0.6	90.0	-0.4
Eq. Japan CoreAlpha A	OT	OT	LUX	03/24	JPY	7838.30	8.1	24.9	-0.8
Eq. Latin America A	OT	OT	LUX	03/23	USD	114.96	-1.1	75.9	-6.1
Eq. US Lg Cap Gr A	US	EQ	LUX	03/24	USD	15.77	3.4	45.2	-5.2
Eq. US Rel Val A	US	EQ	LUX	03/24	USD	21.73	5.5	54.0	-8.8
Eq. US Sm Cap Val A	US	EQ	LUX	03/24	USD	17.41	9.2	62.1	-10.2
Money Market EURO A	EU	MM	LUX	03/24	EUR	27.42	0.1	0.6	2.2
Money Market USD A	US	MM	LUX	03/24	USD	15.83	0.0	0.3	1.2

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TNI Mena Real Estate Fund	OT	OT	BMU	03/18	USD	928.37	-3.4	7.4	-30.9
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/18	AED	5.28	-1.0	24.3	-33.1

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Intel-Chin MainInd Foc	AS	EQ	CYM	03/15	USD	29.49	-1.2	94.1	7.9
Intel-China Converg*	AS	EQ	CYM	03/15	USD	112.04	-1.7	93.9	5.5
VP Classic - A	AS	EQ	CYM	03/24	USD	189.78	1.8	86.5	10.1
VP Classic - B	AS	EQ	CYM	03/24	USD	88.35	1.6	85.6	9.5
VP High Dividend Stk	AS	EQ	CYM	03/22	USD	47.56	4.7	91.6	13.0

*formerly known as China ABH Shares Fund

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/25	JPY	9567.00	1.2	23.4	-14.1
YMR-N Small Cap Fund	OT	OT	IRL	03/25	JPY	6910.00	-1.5	23.0	-14.9

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/25	JPY	6155.00	0.1	11.5	-17.9
Yuki 77 Growth	JP	EQ	IRL	03/25	JPY	5606.00	-0.6	5.9	-22.2

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/25	JPY	6990.00	2.4	20.0	-13.7
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/25	JPY	8141.00	8.0	14.1	-12.4

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/25	JPY	4780.00	2.3	16.6	-17.9
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/25	JPY	5497.00	4.7	17.8	-13.0
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/25	JPY	4997.00	-2.1	20.7	-15.4

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/25	JPY	4420.00	0.0	15.6	-22.0
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/25	JPY	4680.00	0.3	15.9	-21.6
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/25	JPY	6955.00	-0.2	22.7	-16.7
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/25	JPY	8864.00	2.9	20.4	-13.2
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/25	JPY	6313.00	-0.7	13.8	-16.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/25	JPY	7894.00	3.4	9.6	-15.6
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/25	JPY	5307.00	2.3	17.9	-14.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/25	JPY	12120.00	4.8	21.3	-10.3
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/25	JPY	7801.00	-2.0	12.7	-19.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/25	JPY	6964.00	-2.4	27.7	-15.7
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/25	JPY	5822.00	3.1	19.7	-12.2
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/25	JPY	2768.00	1.5	27.0	-19.7

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/25	JPY	5587.00	3.1	18.9	-14.4

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Sweden	0.54%	9.0%	61.2%
Switzerland	0.18	5.6	45.3
Netherlands	0.69	5.2	58.8
U.K.	0.66	5.2	46.3
Japan	0.14	5.1	17.4
Turkey	2.21	4.4	114.6
South Africa	0.45	2.9	24.1
Germany	1.25	2.0	36.6
Australia	unch.	1.7	32.1
Canada	0.27	1.6	29.6
France	1.18	1.1	39.2
Singapore	-0.04	-0.5%	66.5
Italy	0.77	-0.5	42.6
South Korea	0.64	-0.9	38.0
Russia	0.07	-1.7	54.4
Hong Kong	-1.31	-4.0	36.3
Spain	1.35	-4.9	29.3
Brazil	0.32	-6.1	83.5
China 88	-1.47	-11.3	23.8

Dow Jones Regional Sector Titans

Travel Leisure	0.13%	9.5%	46.8%
Ind Gds Svcs	0.56	9.4	61.6
Arab 50	0.60	6.9	28.2
Pers H'hold Gds	0.42	6.6	42.5
Retail	0.98	5.7	37.7
Media	0.82	4.5	52.3
Banks	1.07	3.1	70.0
Asian 50	-0.24	2.8	39.6
Global 50	0.12	-0.5%	32.7
Tiger 50*	-0.43	-4.1	51.1

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Nintendo	Japan	Toys	$44.3	32,000	5.26%	5.1%	-6.0%
Shin-Etsu Chml	Japan	Specialty Chemicals	24.4	5,320	2.50	4.5	-25.7
RioZim Ltd	Australia	General Mining	43.5	78.62	1.84	82.1	27.4
Mizuho Financial Grp	Japan	Banks	29.5	194.00	1.57	-15.7	-73.9
KB Fncl Group	South Korea	Banks	17.8	52,800	1.54	48.0	-35.7
Seven I Hldgs	Japan	Broadline Retailers	$20.7	2,120	-2.48%	-7.4	-40.5
Sony	Japan	Consumer Electronics	37.4	3,470	-2.12	56.7	-42.0
PetroChina	Hong Kong	Integrated Oil Gas	24.0	8.82	-1.45	31.5	-3.2
China Constr Bk	Hong Kong	Banks	176.9	6.11	-1.45	28.6	35.8
Indl Comm Bk China	Hong Kong	Banks	60.6	5.66	-1.39	37.7	28.9

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.0	61.50	1.49%	19.6%	-9.1%
Honda Motor Japan (Automobiles)	64.7	3,275	1.24	37.9	-19.5
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.5	116.60	0.69	62.4	29.5
Canon Japan (Electronic Office Equipment)	55.9	4,185	0.60	41.2	-34.4
Shinhan Financial Grp South Korea (Banks)	18.0	43,400	0.58	56.7	-17.9
National Australia Bk Australia (Banks)	53.2	27.51	0.51	31.1	-31.5
Mitsubishi Japan (Industrial Suppliers)	41.6	2,345	0.39	67.6	-14.6
NTT DoCoMo Japan (Mobile Telecommunications)	63.6	140,800	0.36	-2.8	-34.8
Panasonic Japan (Consumer Electronics)	30.9	1,379	0.29	18.1	-42.4
Nippon Steel Japan (Iron Steel)	23.8	350.00	0.29	22.4	-58.2
Sumitomo Mitsui Finl Japan (Banks)	43.4	2,952	0.27	-25.5	-72.2
Woodside Petroleum Australia (Exploration Production)	33.6	47.48	0.13	12.5	20.1
Westpac Bking Australia (Banks)	73.7	27.79	0.11	41.8	5.5
Mitsubishi UFJ Finl Japan (Banks)	70.8	471.00	...	-12.8	-64.6
Takeda Pharm Japan (Pharmaceuticals)	36.2	4,245	...	16.6	-44.9
Samsung Elec South Korea (Semiconductors)	105.6	819,000	...	43.7	43.9
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.6	136.50	...	98.2	-1.5
Commonwlth Bk of Aus Australia (Banks)	80.0	57.20	-0.02	64.6	14.2
Mitsui Japan (Industrial Suppliers)	30.0	1,531	-0.07	42.2	-31.0
Aus NZ Bk Australia (Banks)	58.5	25.35	-0.08	50.9	-15.1

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
BHP Billiton Australia (General Mining)	132.5	43.32	-0.09%	28.2%	45.3%
Kansai Elec Power Japan (Conventional Electricity)	20.6	2,117	-0.09	-5.9	-40.5
Nissan Motor Japan (Automobiles)	33.8	768.00	-0.13	99.5	-39.8
Nippon T&T Japan (Fixed Line Telecommunications)	55.0	3,845	-0.26	-3.2	-37.0
Toyota Motor Japan (Automobiles)	126.2	3,705	-0.27	14.7	-51.4
Japan Tobacco Japan (Tobacco)	35.0	337,500	-0.30	25.8	-40.0
POSCO South Korea (Iron Steel)	35.2	530,000	-0.38	38.7	36.4
KDDI Japan (Mobile Telecommunications)	22.6	471,500	-0.42	-4.2	-49.5
Woolworths Australia (Food Retailers Wholesalers)	32.0	28.57	-0.45	13.4	5.7
Tokyo Elec Power Japan (Conventional Electricity)	35.6	2,435	-0.53	-5.8	-41.9
JFE Hldgs Japan (Iron Steel)	20.4	3,575	-0.56	52.1	-49.9
East Japan Railway Japan (Travel Tourism)	26.5	6,190	-0.64	15.3	-32.9
China Life Ins Hong Kong (Life Insurance)	34.1	35.55	-0.70	34.4	58.7
QBE Ins Grp Australia (Reinsurance)	19.6	21.04	-0.85	8.8	-33.9
Westfield Grp Australia (Retail REITs)	25.0	11.88	-0.92	13.5	-41.5
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.6	2,540	-0.97	-5.2	-40.8
Cheung Kong Hong Kong (Real Estate Holding Development)	29.2	97.90	-1.01	37.1	-0.9
China Mobile (HK) Hong Kong (Mobile Telecommunications)	190.3	74.30	-1.07	6.5	4.5
CNOOC Hong Kong (Exploration Production)	70.9	12.32	-1.12	48.6	80.4
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.5	57.25	-1.21	34.6	-23.9

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.01%	1.72%	0.5%	0.4%	5.9%
Event Driven	0.39	2.35	2.5	2.1	15.6
Equity Long/Short	0.46	3.41	3.5	3.5	9.1

*Estimates as of 03/23/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

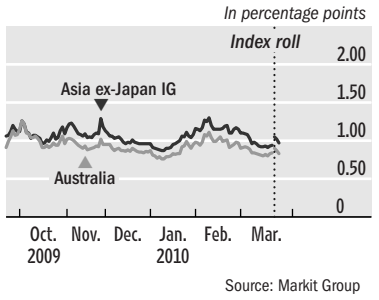
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 13/1	0.79	101.02%	0.01%	0.85	0.79	0.81
Eur. High Volatility: 13/1	1.19	99.07	0.01	1.28	1.19	1.22
Europe Crossover: 13/1	4.41	102.50	0.05	4.68	4.40	4.51
Asia ex-Japan IG: 13/1	0.97	100.17	0.01	1.05	0.97	1.01
Japan: 13/1	1.18	99.08	0.01	1.22	1.18	1.20

Note: Data as of March 24

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Orix	250	-9	–1	–68
Sanyo Shinpan Fin	644	-9	–16	–102
Kdom Thailand	100	-7	–1	–19
Socialist Rep Vietnam	249	-7	4	–29
Ptt Pub	92	-6	1	–15
Korea Dep Ins	62	-4	1	–23
Promise	647	-4	–13	–100
Rep Indonesia	160	-4	5	–40
Samsung Electrs	53	-4	4	–21
Hyundail Mtr	95	-4	2	–28

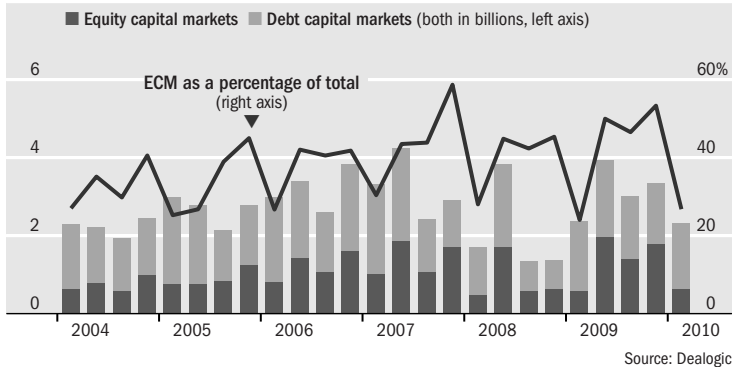
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
East Japan Rwy	28	1	1	–9
Kawasaki Heavy Inds	119	1	–3	–49
Sotetsu Hldgs	69	1	...	–8
MTR	33	1	3	–8
Mitsui Co	52	2	2	–24
CNOOC	59	2	5	–14
Yamaha Mtr	79	2	4	–18
Mitsubishi Matls	99	3	–3	–25
Sumitomo Metal Inds	66	4	...	–19
All Nippon Awys	272	5	2	–49

Source: Markit Group

Europe: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

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GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	362.50	-2.50	-0.68%	714.00	325.00
Soybeans (cents/bu.)	CBOT	960.50	0.50	0.05%	1,087.50	819.75
Wheat (cents/bu.)	CBOT	469.25	-6.75	-1.42	745.00	468.50
Live cattle (cents/lb.)	CME	92.775	-0.100	-0.11	96.300	83.075
Cocoa ($/ton)	ICE-US	2,827	-6	-0.21	3,514	2,066
Coffee (cents/lb.)	ICE-US	135.85	1.55	1.15	190.40	118.30
Sugar (cents/lb.)	ICE-US	17.45	-0.22	-1.25	29.00	11.90
Cotton (cents/lb.)	ICE-US	81.36	-0.05	-0.06	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,599.00	22	0.85	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,198	-3	-0.14	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,328	41	3.19	1,605	1,212
Copper (cents/lb.)	COMEX	337.60	3.05	0.91	355.00	140.00
Gold ($/troy oz.)	COMEX	1086.90	-1.70	-0.16	1,230.00	532.00
Silver (cents/troy oz.)	COMEX	1672.50	8.40	0.53	1,949.50	916.00
Aluminum ($/ton)	LME	2,207.00	-18.00	-0.81	2,356.50	1,376.00
Tin ($/ton)	LME	17,550.00	200.00	1.15	18,250.00	10,150.00
Copper ($/ton)	LME	7,378.00	37.00	0.50	7,695.00	3,925.00
Lead ($/ton)	LME	2,052.50	19.50	0.96	2,615.00	1,247.00
Zinc ($/ton)	LME	2,240.00	25.00	1.13	2,659.00	1,292.00
Nickel ($/ton)	LME	22,670	470	2.12	22,950	9,475
Crude oil ($/bbl.)	NYMEX	81.00	0.39	0.48	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.0889	0.0054	0.26	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	2.2257	0.0025	0.15	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.125	-0.029	-0.70	10.430	3.989
Brent crude ($/bbl.)	ICE-EU	80.10	0.48	0.60	109.11	57.30
Gas oil ($/ton)	ICE-EU	661.25	1.75	0.27	696.00	552.00

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 25

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.1602	0.1938	3.8665	0.2586
Brazil real	2.4086	0.4152	1.8048	0.5541
Canada dollar	1.3595	0.7356	1.0187	0.9817
1-mo. forward	1.3595	0.7356	1.0187	0.9817
3-mos. forward	1.3596	0.7355	1.0187	0.9816
6-mos. forward	1.3605	0.7350	1.0194	0.9810
Chile peso	710.07	0.001408	532.05	0.001880
Colombia peso	2562.90	0.0003902	1920.35	0.0005207
Ecuador US dollar-f	1.3346	0.7493	1	1
Mexico peso-a	16.6738	0.0600	12.4935	0.0800
Peru sol	3.7857	0.2642	2.8366	0.3525
Uruguay peso-e	26.225	0.0381	19.650	0.0509
U.S. dollar	1.3346	0.7493	1	1
Venezuela bolivar	5.73	0.174470	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4633	0.6834	1.0964	0.9121
China yuan	9.1114	0.1098	6.8271	0.1465
Hong Kong dollar	10.3581	0.0965	7.7612	0.1288
India rupee	60.7310	0.0165	45.5050	0.0220
Indonesia rupiah	12185	0.0000821	9130	0.0001095
Japan yen	123.70	0.008084	92.69	0.010789
1-mo. forward	123.67	0.008086	92.67	0.010791
3-mos. forward	123.63	0.008089	92.63	0.010795
6-mos. forward	123.52	0.008096	92.55	0.010805
Malaysia ringgit-c	4.4269	0.2259	3.3170	0.3015
New Zealand dollar	1.8842	0.5307	1.4118	0.7083
Pakistan rupee	111.573	0.0090	83.600	0.0120
Philippines peso	60.791	0.0164	45.550	0.0220
Singapore dollar	1.8761	0.5330	1.4058	0.7114
South Korea won	1524.78	0.0006558	1142.50	0.0008753
Taiwan dollar	42.494	0.02353	31.840	0.03141
Thailand baht	43.221	0.02314	32.385	0.03088

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7493	1.3346
1-mo. forward	1.0000	1.0000	0.7493	1.3346
3-mos. forward	1.0000	1.0000	0.7493	1.3346
6-mos. forward	1.0000	1.0000	0.7493	1.3346
Czech Rep. koruna-b	25.324	0.0395	18.975	0.0527
Denmark krone	7.4414	0.1344	5.5758	0.1793
Hungary forint	263.94	0.003789	197.77	0.005056
Norway krone	8.0859	0.1237	6.0587	0.1651
Poland zloty	3.8806	0.2577	2.9077	0.3439
Russia ruble-d	39.405	0.02538	29.526	0.03387
Sweden krona	9.6379	0.1038	7.2216	0.1385
Switzerland franc	1.4275	0.7005	1.0696	0.9349
1-mo. forward	1.4271	0.7007	1.0693	0.9352
3-mos. forward	1.4262	0.7011	1.0687	0.9358
6-mos. forward	1.4249	0.7018	1.0676	0.9367
Turkey lira	2.0523	0.4873	1.5378	0.6503
U.K. pound	0.8967	1.1152	0.6719	1.4884
1-mo. forward	0.8968	1.1150	0.6720	1.4881
3-mos. forward	0.8972	1.1146	0.6722	1.4876
6-mos. forward	0.8976	1.1141	0.6725	1.4869
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5031	1.9876	0.3770	2.6526
Egypt pound-a	7.3456	0.1361	5.5040	0.1817
Israel shekel	4.9834	0.2007	3.7340	0.2678
Jordan dinar	0.9459	1.0572	0.7088	1.4109
Kuwait dinar	0.3858	2.5918	0.2891	3.4590
Lebanon pound	2002.57	0.0004994	1500.50	0.0006665
Saudi Arabia riyal	5.0051	0.1998	3.7503	0.2666
South Africa rand	9.9329	0.1007	7.4426	0.1344
United Arab dirham	4.9021	0.2040	3.6731	0.2723
SDR -f	0.8812	1.1348	0.6603	1.5144

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	126.23	-0.34	-0.27%	2.6%	43.0%
...	Australia	SPX/ASX 200	4885.39	-6.15	-0.13	0.3	34.0
...	China	CBN 600	26939.20	-385.64	-1.41	-7.3	32.8
16	Hong Kong	Hang Seng	20778.55	-230.07	-1.10	-5.0	47.3
20	India	Sensex	17558.85	107.83	0.62%	0.5	75.5
...	Indonesia	Jakarta Composite	2799.149	24.299	0.88	10.4	97.1
...	Japan	Nikkei Stock Average	10828.85	13.82	0.13	2.7	25.4
...		Topix	952.13	0.16	0.02	4.9	15.2
...	Malaysia	Kuala Lumpur Composite	1312.48	3.03	0.23	3.1	48.2
...	New Zealand	NZSX-50	3237.549	4.825	0.15	0.2	23.7
8	Pakistan	KSE 100	10127.03	-19.24	-0.19	7.9	53.2
14	Philippines	Manila Composite	3171.14	4.54	0.14	3.9	59.5
...	Singapore	Straits Times	2888.37	2.01	0.07	-0.3	64.2
11	South Korea	Kospi	1688.39	7.38	0.44	0.3	35.7
20	Taiwan	Weighted	7838.10	15.39	0.20	-4.3	45.5
10	Thailand	SET	784.38	-2.16	-0.27	6.8	78.5
23	**EUROPE**	Stoxx Europe 600	264.68	2.49	0.95	4.5	48.1
14		Stoxx Europe 50	2639.68	24.78	0.95	2.4	43.6
27	**Euro Zone**	Euro Stoxx	278.48	3.61	1.31%	1.3%	40.9%
14		Euro Stoxx 50	2947.33	43.39	1.49	-0.6	36.8
20	Denmark	OMX Copenhagen	363.03	1.56	0.43	15.0	68.5
21	Finland	OMX Helsinki	7376.93	92.61	1.27	14.3	55.2
16	France	CAC-40	4000.48	50.67	1.28	1.6	38.3
15	Germany	DAX	6132.95	93.95	1.56	2.9	44.0
13	Italy	FTSE MIB	23034.46	235.76	1.03	-0.9	39.7
...	Netherlands	AEX	345.61	3.87	1.13	3.1	53.7
...	Russia	RTSI	1515.04	0.46	0.03	6.2	101.3
10	Spain	IBEX 35	11091.4	225.1	2.07	-7.1	37.3
16	Switzerland	SMI	6894.17	14.22	0.21	5.3	38.8
...	Turkey	ISE National 100	57044.66	1908.06	3.46	8.0	124.5
14	U.K.	FTSE 100	5727.65	49.77	0.88	5.8	45.9
18	**AMERICAS**	DJ Americas	312.27	1.75	0.56	5.3	46.9
...	Brazil	Bovespa	69412.73	499.33	0.72	1.2	63.5
...	Argentina	Merval	2440.88	1.55	0.06	5.2	110.6
19	Mexico	IPC	33303.46	142.49	0.43	3.7	61.2

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2380.22	9.18	0.39%	2.7%	47.4%	-6.6%
1.92	19	**Global DOW**	2010.67	9.11	0.46	1.3	42.4	-3.3
2.43	15	**Global Titans 50**	172.71	0.20	0.12	-0.5	32.7	-8.8
2.18	25	**Asia/Pacific TSM**	1247.89	-3.32	-0.26	2.6	47.1	-5.0
2.42	15	**Asia/Pacific ex-Japan TSM**	3093.71	0.10	0.00	0.6	70.3	1.3
2.78	14	**Europe TSM**	2599.12	16.90	0.65	-2.9	46.5	-11.0
1.86	14	**Emerging Markets TSM**	4117.57	5.74	0.14	1.5	75.9	2.0
2.45	33	**Asian Titans 50**	138.06	-0.33	-0.24	2.8	39.6	-6.8
6.37	6	**BRIC 50**	583.25	-2.24	-0.38	-2.5	65.3	6.1
0.86	27	**CBN China 600** -c	26939.20	-385.64	-1.41	-7.3	32.8	7.5
2.35	18	**China Offshore 50**	3873.90	-43.20	-1.10	-5.0	37.7	6.7
0.89	30	**Shanghai** -c	364.46	-5.04	-1.36	-6.0	34.0	7.6

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	400.50	-5.80	-1.43%	-3.8%	49.3%	13.0%
1.84	22	**U.S. TSM**	12096.94	66.12	0.55	6.3	43.9	-5.9
4.83	14	**Global Select Div** -d	198.27	0.69	0.35	-1.8	70.2	-10.3
5.34	14	**Asia/Pacific Select Div** -d	272.84	-0.02	-0.01	1.6	83.2	-10.0
3.70	14	**Hong Kong Select Div** -d	195.53	-1.66	-0.84	4.3	56.0	1.4
4.23	15	**U.S. Select Dividend** -d	331.95	0.98	0.30	5.2	40.7	-13.2
1.80	15	**Islamic Market**	2015.36	6.92	0.34	2.1	41.4	-1.9
2.00	15	**Islamic Market 100**	2137.61	8.98	0.42	0.8	31.4	-2.3
2.60	17	**Islamic China/HK Titans 30**	1472.67	-21.34	-1.43	-0.9	41.7	2.2
1.55	12	**Sustainability Korea**	1217.02	4.10	0.34	1.0	60.8	0.6
3.40	17	**Brookfield Infrastructure**	2036.27	8.16	0.40	0.5	41.8	-4.7
		DJ-UBS Commodity -p	130.59	-1.20	-0.91	-6.2	16.2	-8.2

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.096	0.672	1.019	6.827	0.749	7.761	45.505	9129.92	92.685	1.412	1142.50	3.317	45.550	1.406	1.070	31.840	32.385
Australia	0.912		0.613	0.929	6.227	0.683	7.079	41.503	8326.94	84.533	1.288	1042.02	3.025	41.544	1.282	0.976	29.040	29.537
Britain	1.488	1.632		1.516	10.161	1.115	11.552	67.730	13588.97	137.952	2.101	1700.50	4.937	67.797	2.092	1.592	47.391	48.202
Canada	0.982	1.076	0.660		6.702	0.736	7.619	44.672	8962.76	90.988	1.386	1121.59	3.256	44.716	1.380	1.050	31.257	31.792
China	0.1465	0.161	0.098	0.149		0.110	1.137	6.665	1337.31	13.576	0.207	167.35	0.486	6.672	0.206	0.157	4.664	4.744
Euro	1.335	1.463	0.897	1.359	9.111		10.358	60.731	12184.79	123.697	1.884	1524.79	4.427	60.791	1.876	1.427	42.494	43.221
Hong Kong	0.129	0.141	0.087	0.131	0.880	0.097		5.863	1176.35	11.942	0.182	147.21	0.427	5.869	0.181	0.138	4.102	4.173
India	0.0220	0.0241	0.0148	0.0224	0.1500	0.0165	0.1706		200.64	2.0368	0.0310	25.11	0.0729	1.0010	0.0309	0.0235	0.6997	0.7117
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0009	0.0050		0.0102	0.0002	0.13	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.011	0.074	0.008	0.084	0.491	98.50		0.015	12.33	0.036	0.491	0.015	0.012	0.344	0.349
New Zealand	0.708	0.777	0.476	0.722	4.836	0.531	5.497	32.231	6466.72	65.649		809.24	2.349	32.263	0.996	0.758	22.552	22.938
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0007	0.0068	0.0398	7.99	0.0811	0.0012		0.0029	0.0399	0.0012	0.0009	0.0279	0.0283
Malaysia	0.301	0.331	0.203	0.307	2.058	0.226	2.340	13.719	2752.46	27.942	0.426	344.44		13.732	0.424	0.322	9.599	9.763
Philippines	0.022	0.024	0.015	0.022	0.150	0.016	0.170	0.999	200.44	2.035	0.031	25.08	0.073		0.031	0.023	0.699	0.711
Singapore	0.711	0.780	0.478	0.725	4.857	0.533	5.521	32.371	6494.70	65.933	1.004	812.74	2.360	32.403		0.761	22.650	23.038
Switzerland	0.935	1.025	0.628	0.952	6.383	0.701	7.256	42.544	8535.83	86.654	1.320	1068.16	3.101	42.586	1.314		29.768	30.278
Taiwan	0.031	0.034	0.021	0.032	0.214	0.024	0.244	1.429	286.74	2.911	0.044	35.88	0.104	1.431	0.044	0.034		1.017
Thailand	0.031	0.034	0.021	0.031	0.211	0.023	0.240	1.405	281.92	2.862	0.044	35.28	0.102	1.407	0.043	0.033	0.983	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 25, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	304.41	0.80%	1.7%	62.6%
2.50	24	**World (Developed Markets)**	1,190.33	0.89	1.9	58.5
1.80	83	**World Small Cap**	203.00	0.99	6.8	83.2
2.50	21	**Kokusai (World ex-Japan)**	1,176.02	0.83	1.4	61.5
3.00	23	**EAFE**	1,560.54	1.18	-1.3	56.4
2.20	20	**Emerging Markets (EM)**	992.00	0.21	0.3	98.7
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	417.92	0.08	0.3	95.1
2.20	22	**AC Far East ex-Japan**	446.42	-0.16	-0.8	85.6
1.70	145	**Japan**	595.66	0.48	4.8	27.6
2.00	19	**China**	62.56	0.10	-3.5	72.6
0.90	37	**China A (China Domestic)**	3,142.42	0.08	-7.1	54.1
2.60	23	**Hong Kong**	10,397.11	0.35	2.1	65.8
0.90	20	**India**	712.62	0.00	0.8	109.6
1.30	16	**Korea**	476.89	0.12	-0.8	63.6
2.30	20	**Malaysia**	479.18	0.35	2.0	44.6
3.10	17	**Singapore**	1,597.40	-0.72	-1.7	78.3
2.70	234	**Taiwan**	278.92	0.13	-5.8	61.6
3.30	18	**Thailand**	328.12	0.91	8.8	86.5
3.60	25	**Australia**	1,012.96	0.41	1.2	46.8
5.00	16	**New Zealand**	83.95	-0.25	-3.7	14.9
1.90	28	**US BROAD MARKET**	1,305.39	0.59	5.5	62.5
3.40	16	**EUROPE**	90.98	0.12	3.1	50.5

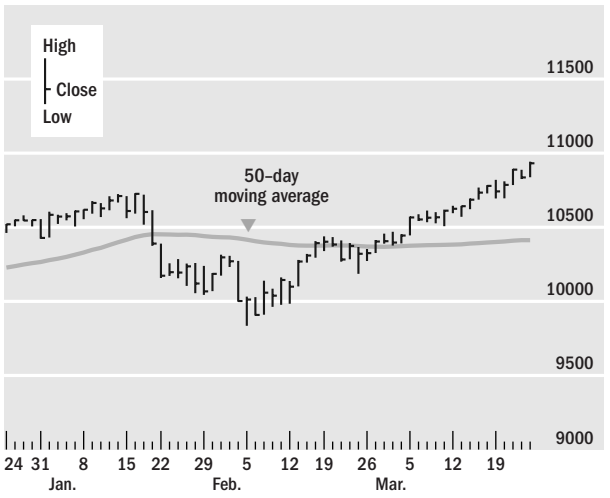
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

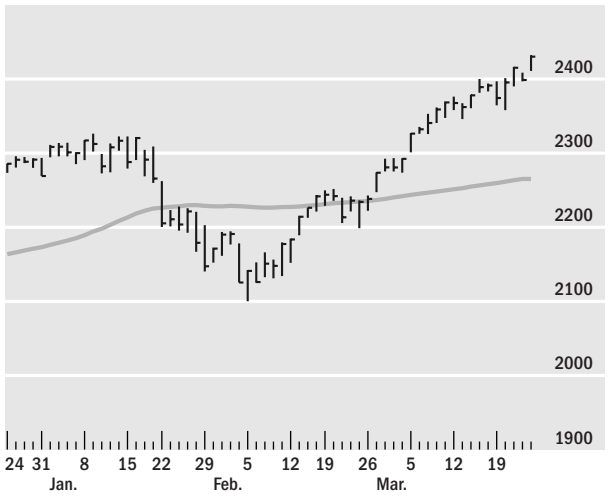
Dow Jones Industrial Average P/E: 17

LAST: **10931.60** ▲ 95.45, or 0.88%
YEAR TO DATE: ▲ **503.55, or 4.8%**
OVER 52 WEEKS ▲ **3,007.04, or 37.9%**



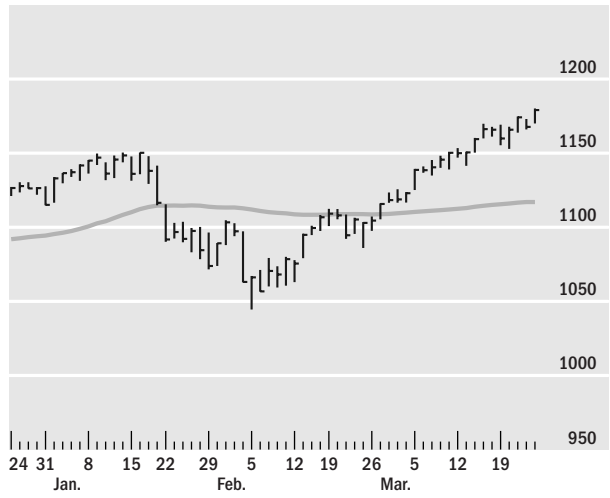
Nasdaq Composite Index P/E: 17*

LAST: **2430.22** ▲ 31.46, or 1.31%
YEAR TO DATE: ▲ **161.07, or 7.1%**
OVER 52 WEEKS ▲ **843.22, or 53.1%**



S&P 500 Index P/E: 23

LAST: **1179.07** ▲ 11.35, or 0.97%
YEAR TO DATE: ▲ **63.97, or 5.7%**
OVER 52 WEEKS ▲ **346.21, or 41.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**10.40**	$26.34	0.08	**0.30%**
Alcoa	AA	**19.60**	14.55	0.23	**1.61**
AmExpress	AXP	**3.80**	42.14	1.13	**2.76**
BankAm	BAC	**163.40**	18.29	0.72	**4.11**
Boeing	BA	**2.50**	73.13	0.81	**1.12**
Caterpillar	CAT	**5.60**	63.40	1.34	**2.16**
Chevron	CVX	**4.80**	74.36	0.43	**0.58**
CiscoSys	CSCO	**17.60**	26.79	0.34	**1.29**
CocaCola	KO	**3.70**	55.08	0.46	**0.84**
Disney	DIS	**15.20**	35.36	0.97	**2.82**
DuPont	DD	**6.10**	38.71	-0.06	**-0.15**
ExxonMobil	XOM	**8.60**	66.84	0.34	**0.51**
GenElec	GE	**47.50**	18.63	0.18	**0.98**
HewlettPk	HPQ	**6.20**	53.64	0.58	**1.09**
HomeDpt	HD	**4.70**	32.69	0.37	**1.14**
Intel	INTC	**26.00**	22.62	0.19	**0.85**
IBM	IBM	**4.40**	130.50	1.97	**1.53**
JPMorgChas	JPM	**23.80**	45.93	0.99	**2.20**
JohnsJohns	JNJ	**5.20**	64.79	0.04	**0.06**
KftFoods	KFT	**6.80**	30.85	0.13	**0.41**
McDonalds	MCD	**2.30**	67.32	0.52	**0.78**
Merck	MRK	**6.30**	38.09	0.08	**0.21**
Microsoft	MSFT	**42.60**	30.46	0.81	**2.73**
Pfizer	PFE	**24.80**	17.50	-0.11	**-0.62**
ProctGamb	PG	**3.40**	64.03	0.42	**0.66**
3M	MMM	**1.90**	81.89	0.28	**0.34**
TravelersCos	TRV	**1.70**	54.27	0.21	**0.39**
UnitedTech	UTX	**1.40**	73.75	0.70	**0.97**
Verizon	VZ	**6.20**	30.46	0.00	**-0.01**
WalMart	WMT	**4.20**	55.86	0.28	**0.50**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**571.1**	$4.35	$0.20	**4.82%**
BankAm	BAC	**166.3**	18.29	0.72	**4.10**
SiriusXM	SIRI	**141.1**	0.90	0.02	**2.39**
SPDR S&P 500	SPY	**99.3**	117.98	1.14	**0.97**
SPDR FnclSelSct	XLF	**58.6**	16.28	0.37	**2.33**
DrxFinancBear 3x	FAZ	**54.1**	12.69	–0.86	**–6.34**
AmbacFnl	ABK	**52.5**	0.62	–0.17	**–21.94**
BosSci	BSX	**52.1**	6.88	–0.16	**–2.27**
Qualcomm	QCOM	**48.1**	42.59	2.40	**5.98**
FordMotor	F	**47.9**	14.02	0.12	**0.83**
GenElec	GE	**47.7**	18.62	0.17	**0.92**
Microsoft	MSFT	**42.8**	30.47	0.82	**2.77**
YRC Worldwide	YRCW	**40.7**	0.55	0.00	**0.07**
PwrShrs QQQ	QQQQ	**39.1**	48.47	0.45	**0.94**
SprintNextel	S	**38.7**	3.91	–0.03	**–0.76**

Biggest gainers...

NIVS IntMedTech	NIV	**83.8**	$4.25	$1.15	**37.10%**
Conns	CONN	**1,000.7**	7.37	1.52	**25.98**
CmwlthBksh	CWBS	**73.2**	4.84	0.75	**18.33**
EmrsnRadio	MSN	**1,044.7**	2.48	0.37	**17.54**
Jamba	JMBA	**3,540.9**	2.76	0.41	**17.45**

...Biggest losers

Incredmail	MAIL	**1,049.0**	$6.53	-$1.48	**-18.47%**
SunlinkHlth	SSY	**547.9**	3.45	-0.74	**-17.66**
Brasil Telecom S/A ADS Wi	BTMC	**91.0**	9.20	-1.62	**-14.97**
PAB Bksh	PABK	**9.1**	2.11	-0.24	**-10.21**
Gentium	GENT	**972.3**	2.92	-0.31	**-9.60**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.31	**Taiwan Semi**	TSM	**10,766.1**	$10.53	0.20	**1.94%**
15.95	9.58	**China Unicom**	CHU	**3,328.0**	11.03	-0.52	**-4.50**
82.74	42.33	**BHP Billiton**	BHP	**2,506.9**	79.34	0.99	**1.26**
13.30	7.91	**AU Optrncs**	AUO	**1,303.1**	11.43	0.20	**1.78**
4.24	2.28	**Utd Microelectronics**	UMC	**891.2**	3.65	0.03	**0.83**
40.45	20.49	**Sony**	SNE	**754.1**	38.14	-0.56	**-1.45**
18.64	14.82	**SK Telecom**	SKM	**715.7**	17.26	0.35	**2.07**
6.84	4.79	**Mitsu UFJ Fnl**	MTU	**681.2**	5.15	0.00	**0**
8.19	5.60	**Siliconware Prec Ind**	SPIL	**622.9**	6.04	-0.02	**-0.33**
91.97	63.00	**Toyota Motor**	TM	**597.8**	80.92	-0.66	**-0.81**
16.40	2.00	**City Telecom**	CTEL	**569.0**	15.67	-0.36	**-2.25**
62.37	25.25	**Infosys Tech**	INFY	**553.7**	62.06	0.64	**1.04**
59.22	42.00	**China Mobile**	CHL	**493.3**	48.14	-0.05	**-0.10**
20.49	16.87	**ChunghwaTel**	CHT	**427.2**	19.04	-0.01	**-0.05**
135.92	78.11	**PetroChina**	PTR	**387.4**	113.90	-0.89	**-0.78**
17.19	10.77	**Matsushita Elec**	PC	**381.3**	15.17	0.00	**0**
18.20	8.88	**Korea Elec Pwr**	KEP	**314.8**	16.38	0.37	**2.31**
34.27	14.19	**Aluminum Cp of China**	ACH	**283.1**	25.60	-0.26	**-1.01**
5.75	1.75	**SemiMfgInt**	SMI	**268.6**	5.70	0.49	**9.40**
9.82	6.24	**Telecom Corp of NZ**	NZT	**246.9**	7.63	0.09	**1.16**
41.87	23.77	**Telekom Indonesia**	TLK	**241.1**	35.72	0.32	**0.90**
150.50	64.01	**POSCO**	PKX	**221.0**	117.06	0.26	**0.22**
9.50	5.01	**Nomura Hldgs**	NMR	**219.3**	7.30	0.02	**0.27**
5.23	2.34	**Adv Semi Engrg**	ASX	**205.0**	4.50	0.05	**1.12**
81.00	47.60	**China Life Ins**	LFC	**195.7**	69.60	0.55	**0.80**
37.23	23.15	**Honda Motor**	HMC	**171.2**	35.87	0.34	**0.96**
25.65	6.85	**Yanzhou Coal Mining**	YZC	**170.5**	21.97	0.33	**1.52**
21.78	12.96	**KT Corp**	KT	**152.3**	20.71	0.12	**0.58**
7.74	2.00	**Alumina**	AWC	**137.5**	6.16	-0.04	**-0.65**
24.09	18.18	**NTT**	NTT	**130.6**	20.93	-0.10	**-0.48**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

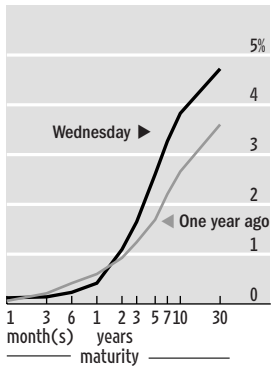
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.980%**	**389.7**	388.1	378.6	**217.2**	**4.940%**	4.682%	**3.128%**
4.500	10	**5.760**	**189.8**	193.8	184.9	**187.6**	**5.702**	5.650	**4.669**
5.000	**Austria** 2	**1.229**	**14.6**	14.5	55.4	**23.8**	**1.204**	1.450	**1.194**
3.900	10	**3.540**	**-32.2**	-28.4	-9.4	**129.0**	**3.480**	3.707	**4.083**
2.000	**Belgium** 2	**1.153**	**7.0**	-0.5	32.7	**103.1**	**1.054**	1.223	**1.987**
3.750	10	**3.625**	**-23.7**	-18.5	-2.7	**123.0**	**3.579**	3.774	**4.023**
1.500	**Canada** 2	**1.722**	**63.9**	59.3	33.7	**26.1**	**1.652**	1.233	**1.217**
3.750	10	**3.594**	**-26.8**	-25.5	-29.3	**17.3**	**3.509**	3.508	**2.966**
4.000	**Denmark** 2	**1.628**	**54.5**	52.1	90.9	**114.0**	**1.580**	1.805	**2.096**
4.000	10	**3.420**	**-44.2**	-39.3	-22.9	**75.2**	**3.371**	3.572	**3.545**
3.750	**France** 2	**0.904**	**-17.9**	-13.8	19.6	**50.6**	**0.921**	1.092	**1.462**
3.500	10	**3.474**	**-38.8**	-35.7	-24.8	**86.7**	**3.407**	3.553	**3.660**
1.250	**Germany** 2	**0.902**	**-18.1**	-21.6	8.9	**44.0**	**0.843**	0.985	**1.396**
3.250	10	**3.130**	**-73.2**	-69.3	-52.7	**36.0**	**3.071**	3.274	**3.153**
0.640	**Hong Kong** 2	**0.846**	**-23.7**	-24.5	-18.7	**-13.3**	**0.814**	0.709	**0.823**
2.160	10	**2.903**	**-95.9**	-89.0	-76.3	**-74.2**	**2.874**	3.038	**2.051**
5.000	**Italy** 2	**1.308**	**22.5**	24.6	62.2	**111.3**	**1.305**	1.518	**2.069**
4.250	10	**3.921**	**5.9**	14.8	28.5	**159.0**	**3.912**	4.086	**4.383**
0.200	**Japan** 2	**0.189**	**-89.4**	-91.3	-73.6	**-55.6**	**0.146**	0.160	**0.400**
1.400	10	**1.370**	**-249.2**	-242.0	-245.3	**-150.7**	**1.344**	1.348	**1.286**
2.500	**Netherlands** 2	**0.938**	**-14.5**	-18.4	16.7	**62.4**	**0.875**	1.063	**1.580**
3.500	10	**3.388**	**-47.4**	-42.2	-24.6	**103.0**	**3.342**	3.555	**3.823**
5.000	**Portugal** 2	**1.888**	**80.5**	92.6	58.2	**127.2**	**1.985**	1.478	**2.228**
4.800	10	**4.399**	**53.7**	55.2	80.9	**183.1**	**4.316**	4.610	**4.624**
5.350	**Spain** 2	**1.184**	**10.1**	9.1	47.2	**104.1**	**1.150**	1.368	**1.997**
4.000	10	**3.852**	**-1.0**	6.1	22.0	**134.1**	**3.825**	4.021	**4.134**
2.750	**Switzerland** 2	**0.479**	**-60.4**	-58.0	...	**-47.6**	**0.479**	...	**0.480**
2.250	10	**1.919**	**-194.3**	-184.5	...	**-63.3**	**1.919**	...	**2.160**
3.250	**U.K.** 2	**0.976**	**-10.7**	-4.4	21.5	**27.2**	**1.015**	1.111	**1.228**
3.750	10	**4.016**	**15.4**	19.9	43.8	**48.2**	**3.963**	4.239	**3.275**
1.000	**U.S.** 2	**1.083**	**...**	...	...	**...**	**1.059**	0.896	**0.956**
3.625	10	**3.862**	**...**	...	...	**...**	**3.764**	3.801	**2.793**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.723%**	15.92	–2.73%	–0.41%	–0.41%	–13.31%
10-year Treasury	**3.829**	8.20	–1.68	0.94	0.94	–5.94
7 Year Treasury	**3.269**	6.19	–1.23	1.72	1.72	–1.54
Five-year Treasury	**2.607**	4.67	–1.15	1.21	1.21	–0.02
Ryan Index	**2.862**	6.64	–1.33	0.82	0.82	–2.83
3 Year Treasury	**1.650**	2.90	–0.71	0.84	0.84	2.06
Two-year Treasury	**1.095**	1.97	–0.47	0.51	0.51	1.68
1 Year Treasury	**0.417**	0.96	–0.06	0.19	0.19	1.14
Six-month Treasury	**0.233**	0.50	...	0.05	0.05	0.52
Ryan Cash Index-a	**0.229**	0.45	–0.01	0.07	0.07	0.52
Three-month bill	**0.142**	0.25	0.01	0.03	0.03	0.30
One-month bill	**0.122**	0.08	0.01	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.52**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.24694%**	0.52250%
Three month	**0.28781**	1.23188
Six month	**0.43688**	1.79438
One year	**0.90844**	2.05250

	Latest	52 wks ago
Euro Libor		
One month	**0.36625%**	1.15063%
Three month	**0.58063**	1.53250
Six month	**0.89500**	1.70500
One year	**1.19000**	1.85500
Hibor		
One month	**0.08893**	0.31714%
Three month	**0.13857**	0.89857
Six month	**0.24000**	1.19857
One year	**0.57571**	1.59786
Asian dollars		
One month	**0.2516%**	0.53%
Three month	**0.2876**	1.2240
Six month	**0.4320**	1.7760
One year	**0.8980**	2.0340

	Offer	Bid
Eurodollars		
One month	**0.3100%**	0.2100%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.24%**	0.18%
U.K. (BBA)	**0.502**	0.565
Euro zone	**0.29**	0.94

Sources: WSJ Market Data Group; Reuters

Credit Suisse raises CEO pay

Bank paid out $139 million for '09 to its 13 executive board members; shareholder criticism

By Goran Mijuk

ZURICH—**Credit Suisse Group** awarded Chief Executive Brady Dougan 19.2 million Swiss francs ($17.9 million) in cash and stock for 2009, making him one of the sector's best-paid bankers.

The payout, which dwarfs many of Mr. Dougan's peers and the manager's own 2008 cash payout of 2.8 million francs, comes close to his 2007 salary of more than 22 million francs. It reflects, in part, the bank's recovery from the financial crisis after it swung to a net profit of 6.41 billion francs in 2009 from a year-earlier net loss of 8.22 billion francs.

Citing the company's strong position and its confident outlook for 2010, Credit Suisse said Thursday that it paid out a total of 148.9 million francs to its 13 executive board members, up from 106.7 million francs in 2008, when the bank had large asset write-downs.

The board of directors, which includes Chairman Hans-Ulrich Doerig and members such as **Nestlé** SA Chairman Peter Brabeck and **Swiss Reinsurance** Co. Chairman Walter Kielholz, received a compensation package worth 22.24 million francs, a slight reduction from 25.4 million francs a year earlier.

Credit Suisse via Bloomberg News, Associated Press

Chairman Hans-Ulrich Doerig and CEO Brady Dougan told shareholders the bank remains sensitive to criticism over pay.

Credit Suisse revised its remuneration policy last year, with the bulk of the variable portion of executive payouts for 2009 linked to the bank's future performance.

The high pay awards drew criticism from shareholder activists and political parties despite the bank's return to profitability, its strong capital position and its recent efforts to make its salary system more transparent.

"It's very difficult to understand how bankers can justify these huge salaries," said Eva Zumbrunn, portfolio manager at Swiss pension fund **Stiftung Abendrot**, which holds assets worth about 700 million francs. The relatively small Swiss pension fund, together with Switzerland's most vocal shareholder-activist the **Ethos Foundation**, has repeatedly criticized high executive pay in the banking sector.

"Although Credit Suisse has improved the transparency of its remuneration report, it's difficult to see why it needs to pay out such sums to retain good bankers within the company," Ms. Zumbrunn said.

In a letter to shareholders, Messrs. Doerig and Dougan said "a skilled workforce is key to maintaining high levels of client satisfaction...which is why we will continue to attract...talented people while remaining sensitive to the public debate about compensation."

The bank also said it earmarked 20 million francs from the executive bonus pool to sponsor charitable projects.

Swiss lawmakers are discussing new salary rules aimed at capping pay to avoid a repetition of the financial crisis, which politicians say was partly due to exorbitant management bonuses.

Credit Suisse peer **UBS** AG triggered a public outcry last week when it announced huge bonuses to its key staff, despite posting a loss in 2009. The bank needed several large cash injections during the financial crisis.

Credit Suisse revised its remuneration policy last year, with the bulk of the variable portion of executive payouts for 2009 linked to the bank's future performance. They will be paid out over the next three to four years.

Mr. Dougan's variable remuneration stands at 17.87 million francs. The figure could be inflated, or drop close to zero, depending on the company's future operational and stock market performance.

However, that type of cascading salary payout, which is generally welcomed by shareholder activists such as the Ethos Foundation, is likely to draw more attention in coming days. Mr. Dougan's pay package, in particular, could draw shareholder ire at the company's annual meeting at the end of April, as he is likely be among the industry's biggest earners this year.

So far, the highest-paid banking executives of 2009 include **J.P. Morgan Chase** & Co. CEO Jamie Dimon, who collected a $17 million bonus for 2009, and **Goldman Sachs Group** Inc. CEO Lloyd Blankfein, who received a $9 million payout. **Deutsche Bank** AG CEO Josef Ackermann earned about €9.6 million ($12.8 million).

The high payouts come at a time when overall executive compensation has dropped. According to compensation research firm Equilar, bonus payouts fell 13% in 2009 to $812,800 on average. Many bank CEOs waived their bonus payments for last year, including **Barclays** PLC's John Varley and **Royal Bank of Scotland Group** PLC's Stephen Hester.

BNP Paribas SA said Thursday that it plans to pay CEO Baudouin Prot a bonus of €1.43 million for 2009, as France's largest bank by market value reported a 93% rise in full-year net profit.

Mr. Prot will receive only half of the bonus in 2010, with the remaining amount staggered over the following three years and tied to a profitability target. If during those years Mr. Prot meets the target and receives the maximum possible bonus, his total 2009 compensation will reach €2.47 million—more than double a year earlier, when he declined his bonus.

Ex-workers deny guilt in Madoff Ponzi case

By Chad Bray

NEW YORK—Three former employees of convicted Ponzi schemer Bernard Madoff's firm pleaded not guilty to falsifying books and records and other criminal charges.

THE MADOFF FRAUD

Daniel Bonventre, the former operations director at **Bernard L. Madoff Investment Securities** LLC, and two former Madoff computer programmers, Jerome O'Hara and George Perez, pleaded not guilty at an arraignment before U.S. Magistrate Judge Gabriel Gorenstein in Manhattan on Thursday.

On Wednesday, Mr. Bonventre was added as a defendant in the criminal case against Messrs. O'Hara and Perez. He was originally charged in February. A new indictment filed Wednesday, superseding a previous one against the computer programmers, added a single count of falsifying records of an investment adviser against Mr. Bonventre. It added no new counts against the programmers.

"This is a prosecutorial 'Hail Mary.' Dan's absolutely innocent. We're looking forward to trial" said Andrew Frisch, a lawyer for Mr. Bonventre. Lawyers for the programmers didn't immediately return phone calls seeking comment.

The charges include conspiracy, falsifying the books and records of a broker-dealer, and falsifying the books and records of an investment adviser. Mr. Bonventre also has been charged with securities fraud, making a false filing with the U.S. Securities & Exchange Commission and filing false tax returns.

Messrs. O'Hara and Perez originally were charged in November.

Mr. Madoff, 71 years old, admitted in March 2009 to running a decades-long Ponzi scheme that bilked thousands of investors out of billions of dollars. He is serving a 150-year prison term.

Prosecutors from the U.S. Attorney's office in Manhattan have alleged that Mr. Bonventre directed that false accounting entries be made that helped conceal Mr. Madoff's fraud. Messrs. O'Hara and Perez allegedly developed computer programs that helped facilitate the Ponzi scheme and conceal it from regulators.

Six people, including Messrs. Bonventre, Perez and O'Hara, have been charged criminally in the matter.

In addition to Mr. Madoff, Frank DiPascali Jr., a key Madoff lieutenant, and David Friehling, the firm's former outside accountant and auditor, have pleaded guilty to criminal charges.

In his plea, Mr. Madoff said the scheme was run through the firm's investment-advisory business and that its proprietary-trading and market-making operations were legitimate.

In their February complaint against Mr. Bonventre, prosecutors alleged that from 1997 to 2008, more than $750 million of investor funds from the investment-advisory business were used to support the proprietary-trading and market-making operations.

SEC probes hedge-fund bets

By Ianthe Jeanne Dugan And Jenny Strasburg

U.S. regulators are probing bets made against stocks before new offerings, in inquiries focused on hedge funds including **Appaloosa Management** LP and **Carlson Capital** LP.

Appaloosa, a $13 billion New Jersey firm run by David Tepper, has been scrutinized by the Securities and Exchange Commission over trades it made around the time **Wells Fargo** & Co. agreed to acquire Wachovia Corp. in 2008, according to people familiar with the matter.

Regulators also have questioned trades by Carlson, a $4.9 billion firm based in Dallas, in connection with four secondary stock offerings between late 2007 and mid-2009, according to a person familiar with the matter.

"Carlson Capital has been cooperating voluntarily and fully with the SEC relating to an inquiry in connection with 'Rule 105,' and will continue to do so," a spokesman for the firm said in an email.

Appaloosa is cooperating, according to people familiar with the matter. A lawyer for Appaloosa declined to comment.

A spokesman for the SEC declined to comment.

At issue is a federal provision known as Rule 105, part of Regulation M, which aims to prevent manipulation of securities prices. The rule generally prohibits investors from shorting a stock, or betting against it, five days before issuance of new shares, in order to gain an advantage by buying the shares at depressed prices. The practice, the SEC has said, can reduce an issuer's proceeds and give investors making the trade an unfair edge.

David Tepper

The SEC has settled with investment firms over this issue in the past. The rule, which the SEC has described as an "antimanipulation rule," has been in place for years but was strengthened in 2007.

Mr. Tepper of Appaloosa is one of the most-successful managers in the industry. Carlson is a 17-year-old firm run by Clint Carlson, who previously was a senior investment manager for the billionaire Bass family of Fort Worth, Texas. Carlson Capital oversees a family of hedge funds that go by the name Black Diamond.

Cheung Kong sues Merrill

By Alex Wilson

MELBOURNE—**Cheung Kong Infrastructure Holdings** Ltd. has begun legal proceedings against Merrill Lynch, accusing the investment bank of misleading conduct over the failed sale of a mine in New Zealand in 2008.

CKI dropped a 250 million New Zealand dollar (US$176 million) offer to buy iron-sands miner New Zealand Steel Mining Ltd. from BlueScope Steel Ltd. in December 2008 after New Zealand's Overseas Investment Office blocked the deal.

CKI is seeking damages for costs associated with the sales process, saying Merrill Lynch provided false information as BlueScope's adviser.

Merrill Lynch, now a unit of Bank of America Corp., and BlueScope declined to comment.

HEARD ON THE STREET

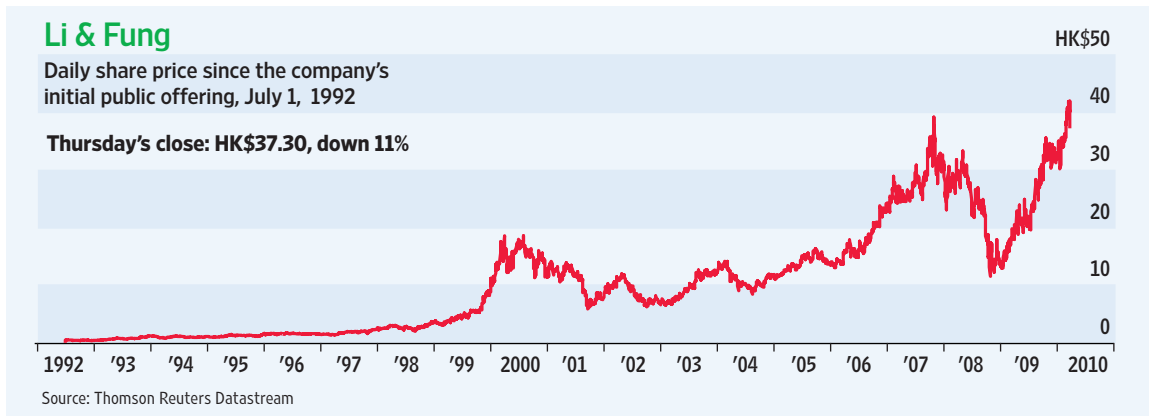
Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Pay heed to Li & Fung's early warning

Consider it an early warning.

Shares of Hong Kong-listed clothing supplier **Li & Fung**, which provides apparel for the likes of **Wal-Mart Stores** and **Kohl's**, slid nearly 11% Thursday on the heels of its 2009 earnings report.

The problem isn't with Li & Fung. Last year was its most profitable yet, with earnings rising 39% even as weakness among U.S. and European retailers pushed sales lower. The problem is that investors have gotten carried away with the latest investment theme to grip Asian markets: inventory restocking.



Economists argue that Asia's export recovery is entering a new phase as U.S. retailers fill their storerooms with T-shirts and laptop computers in anticipation of returning shoppers. A rebound in stockpiles makes some sense. U.S inventories have been depleted for four straight quarters and the ratio of inventories to sales fell to almost a decade-low in January.

Investors have piled in behind this. Li & Fung shares were trading at record highs and substantially above typical valuations. Shares of others, such as South Korea's **Samsung Electronics**, which sells everything from computer chips to mobile phones, and **Yue Yuen**, which makes shoes for **Nike**, **Adidas**, **Timberland** and other big brands, have fared similarly well.

But restocking will be a long and not entirely smooth process. Already the fits and starts are evident: Economists expected U.S. wholesale inventories to rise in January; they fell instead.

Also, businesses, remembering the damage done in the economic crisis, may stick to a shorter restocking cycle. The Institute for Supply Management says 68% of the nonmanufacturers it surveyed last month think inventory levels are "about right," while 26% said they were "too high"—both indications that big stockpiling isn't in the immediate forecast. Broadly, its February business surveys show inventories are contracting.

Here, Li & Fung is a bellwether. Orders are picking up, but the company's president, Bruce Rockowitz, was quick to note that a return to the high inventory levels of 2007 isn't in the cards. Take heed.

—Mohammed Hadi and David Roman

A hate-love affair with Bharti Airtel—is it forever?

Talk about a change of heart.

In mid-February, after it became known that India's **Bharti Airtel** was in talks to buy the African assets of Kuwait's **Mobile Telecommunications**, or Zain, Bharti's shares slid more than 13% in two days.

Investors were panicked that in its zeal to expand into Africa, Bharti Airtel was going to pay too high a price—with money it didn't yet have—for a business that it would find more difficult to manage than it expected.

Flash forward to Thursday, and Zain's announcement that the companies are putting the final touches on an agreement. At 313 rupees ($6.80) a share, the stock is now just one rupee off of its pre-deal level.

What has changed? Little in the broad outlines of the deal, it seems. The assets are still expected to cost Bharti about $10.7 billion, including the assumption of about $1.7 billion in debt.

But Bharti made some smart moves in the interim. In particular, the company locked up a $7.5 billion loan, at enviable rates, with which to fund the acquisition. The company will pay 1.95 percentage points over the London interbank offered rate. This is low for an Indian company. Last year, smaller loans to private companies were priced at 3.25 to 4.25 percentage points over Libor, according to Dealogic.

Debt isn't a concern for Bharti. Post-closing, its borrowings will sit at a manageable 1.1 times equity. But the cheap financing means Bharti will see returns from its new assets sooner than otherwise expected. Plus, the debt financing eliminates any risk that Bharti will have to dilute shareholders by selling more stock.

Still other challenges remain. There's no getting over the fact that the company is paying a high price for these assets. Credit Suisse says it is overpaying by as much as $3.7 billion.

And Bharti has its work cut out. The promise of this deal has always been that Africa's telecom markets remain relatively untapped and ripe for a low-cost operator like Bharti.

But integrating 15 new countries, none with obvious synergies to the company's existing operations, isn't going to be easy.

The panic seems to be gone, but it's still up to Bharti to prove naysayers wrong.

—Harsh Joshi and Mohammed Hadi

Generous offer from Dubai to its creditors

What a difference four months makes. Having sent global markets into a tailspin in November with a high-handed announcement of a $26 billion debt restructuring, Dubai now has offered a creditor-friendly deal on **Dubai World** and **Nakheel** debt. The markets welcomed the plan. But one longer-term fear might be that this odd restructuring is too generous.

That it is generous is clear from the terms: The Dubai government is proposing to convert its $10.1 billion debt claims on Dubai World and Nakheel into equity, thus subordinating its claim to other creditors. It is then offering to inject $9.5 billion—$3.8 billion from its own resources and $5.7 billion from a loan from Abu Dhabi—suggesting this deal has the tacit approval of its richer neighbor. Stunningly, holders of Nakheel's Sukuk bonds due in 2010 and 2011 will be paid in full and on time if the deal is approved.

Bank creditors should get repaid in full, though maturities are being extended. Dubai World's lenders are being offered new five-year and eight-year debt. Nakheel bank lenders will be asked to roll over existing facilities at a new rate.

One important implication of the lavish treatment for bondholders may be that Dubai's companies regain access to international funding; a capital-markets default could have complicated refinancing. But to some extent, the restructuring plan involves the emirate doubling down on its damaged economic model. Dubai is betting on a recovery in real estate and financial markets to lift the value of the assets. If that bet fails, then all Thursday's proposal will have achieved is to kick the can down the road.

—Richard Barley

GLOBAL INFRASTRUCTURE PARTNERS
GBP 1,125,000,000
Gatwick Airport Acquisition Facilities
Joint Mandated Lead Arranger
October 2009

Incitec Pivot Limited
USD 800,000,000
6.000% Senior Notes
Due 2019
Joint Bookrunner
December 2009

REXEL ELECTRICAL SUPPLIES
EUR 575,000,000
8.250% Senior Notes
Due December 2016
Joint Global Co-ordinator and
Joint Physical Bookrunner
December 2009

TIME WARNER CABLE
USD 2,000,000,000
3.500% Senior Notes Due 2015
5.000% Senior Notes Due 2020
Joint Bookrunner
December 2009

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MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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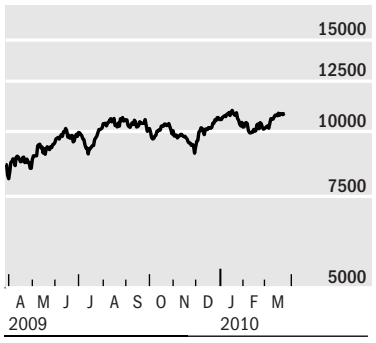
Asian index movers...

Nikkei Stock Average

Japan 10828.85

▲ **0.13% or 13.82**

Several exporters advanced after the yen weakened on the U.S. dollar, raising expectations for brighter corporate earnings. Honda Motor rose 1.2%; Mazda advanced 1.3%.



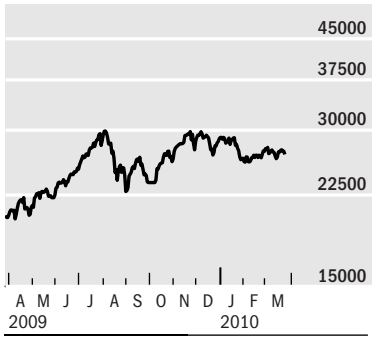
Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**154.95**	194	3	1.57
Mtshbsh Fin Grp	**48.21**	471	unch.	...
Toshiba	**47.09**	475	–5	–1.04
Clarion	**46.25**	207	5	2.48
NEC	**32.05**	270	5	1.89

CBN 600

China 26939.20

▼ **1.41% or 385.64**

Chinese banks and property stocks pressured the market amid continued worries over rising inflation and monetary policy. China Citic Bank fell 2.4% and Gemdale slid 2.1%.



Stock	Volume in millions	Close	Change Net	Change %
Hubei Kaile Tech	**132.99**	8.91	0.81	10.00
United Network	**124.60**	6.25	–0.12	–1.88
HunanJinCerealsInd	**117.20**	9.25	–0.65	–6.57
China State Con	**116.65**	4.19	–0.05	–1.18
JiangsuChElecTech	**110.41**	10.58	–0.39	–3.56

Hang Seng

Hong Kong 20778.55

▼ **1.10% or 230.07**

The market was hurt by weaker-than-expected earnings from trading firm Li & Fung, which tumbled 11%, and telecommunications concern China Unicom, which fell 4.1%.

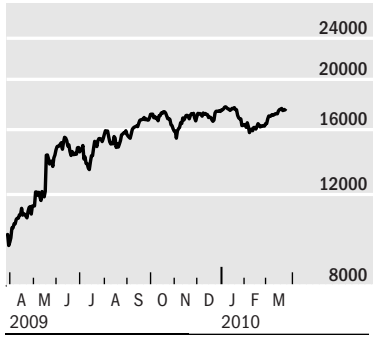
Stock	Volume in millions	Close	Change Net	Change %
Icbc	**300.48**	5.66	–0.08	–1.39
Bank Of China	**267.11**	3.95	–0.07	–1.74
CCB	**217.47**	6.11	–0.09	–1.45
ChinaPetroChem	**104.04**	6.23	–0.09	–1.42
PetroChina	**83.76**	8.82	–0.13	–1.45

Sensex

India 17558.85

▲ **0.62% or 107.83**

Short-covering on the expiry of monthly derivative contracts lifted shares to the highest close in more than nine weeks. Bharti Airtel climbed 2.3%.



Stock	Volume in millions	Close	Change Net	Change %
Jaiprak Asso-A	**2.08**	150.60	2.85	1.93
Bharti Airtel-A	**1.84**	313.75	6.95	2.27
Hindalco-A	**1.51**	176.85	6.45	3.79
Dlf-A	**1.45**	299.15	3.95	1.34
Tata Motors-A	**0.96**	725.25	–13.80	–1.87

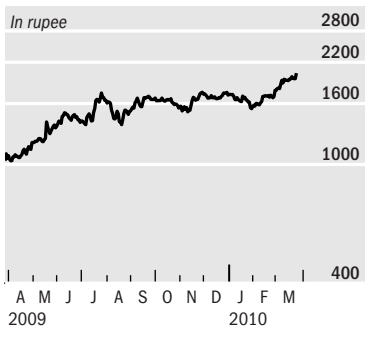
Asian stocks in the news

Hero Honda Motors

India 2,022.55 rupee

▲ **4.4% or 85.10 rupee**

Shares hit an all-time high as the motorcycle maker will likely pay a special interim dividend.



Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**101.92**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-0.3%**	1.2%	51.8%
Hero Honda Motors	**4.4%**	4.6%	96.6%

Hengan Intl Grp

Hong Kong HK$58.00

▲ **5.2% or HK$2.85**

The branded-consumer company beat analyst expectations with a 58% jump in fiscal 2009 net profit.

Price-to-earnings ratio	**40**
Earnings per share, past four quarters	**1.45**
Dividend yield	**1.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.2%**	0.4%	41.9%
Hengan Intl Grp	**5.2%**	1.6%	98.3%

Nintendo

Japan ¥32,000

▲ **5.3% or ¥1,600**

Shaers jumped again on news the video game maker will release a 3-D version of its handheld system.

Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**1623.50**
Dividend yield	**3.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.2%**	0.4%	41.9%
Nintendo	**5.3%**	17.7%	5.1%

China Res Enterpr

Hong Kong HK$28.90

▲ **5.3% or HK$1.45**

Net profit for 2009 rose 25% on the strength of the company's beverage and food-processing operations.

Price-to-earnings ratio	**35**
Earnings per share, past four quarters	**0.83**
Dividend yield	**1.3**

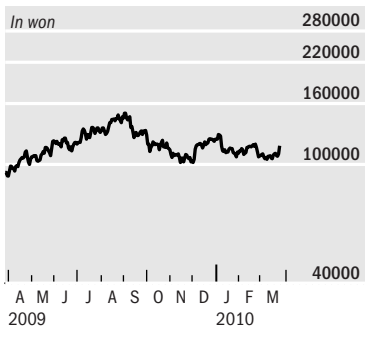
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.2%**	-0.2%	57.3%
China Res Enterpr	**5.3%**	1.6%	135.0%

LG Elec

Korea 115,500 won

▲ **6.5% or 7,000 won**

The company aims for a 25% market share of 3D TVs, while an analyst said the stock is cheap.



Price-to-earnings ratio	**17**
Earnings per share, past four quarters	**6727.12**
Dividend yield	**1.5**

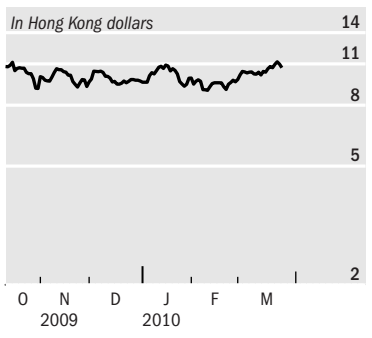
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.2%**	0.4%	41.9%
LG Elec	**6.5%**	6.5%	22.9%

Wynn Macau Ltd.

Hong Kong HK$10.68

▼ **2.7% or HK$0.30**

The Macau government won't approve new casino projects and will limit the addition of gaming tables.



Price-to-earnings ratio	**36**
Earnings per share, past four quarters	**0.30**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**-0.6%**	-0.6%	28.2%
Wynn Macau Ltd.	**-2.7%**	-0.9%	...

All Nippon Airways

Japan ¥262

▼ **3.0% or ¥8**

Goldman Sachs downgraded the stock to "sell" and added it to its "conviction sell" list.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-25.70**
Dividend yield	**none**

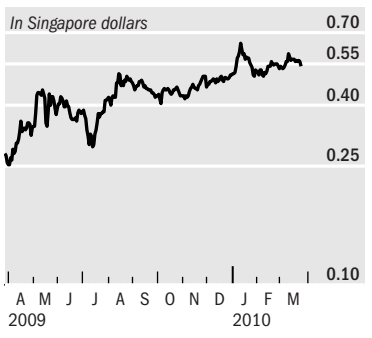
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**-0.6%**	-0.6%	28.2%
All Nippon Airways	**-3.0%**	-6.8%	-33.7%

Golden Agri-Resources

Singapore S$0.54

▼ **3.6% or S$0.02**

There was profit taking as investors turned cautious over some sovereign ratings in Europe.



Price-to-earnings ratio	**7**
Earnings per share, past four quarters	**0.07**
Dividend yield	**0.9**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**-0.4%**	-1.7%	50.8%
Golden Agri-Resources	**-3.6%**	-3.6%	96.0%

China Unicom

Hong Kong HK$8.84

▼ **4.1% or HK$0.38**

Weaker-than-expected net profit was attributed to start-up costs tied to its 3G mobile business.

Price-to-earnings ratio	**7**
Earnings per share, past four quarters	**1.32**
Dividend yield	**2.1**

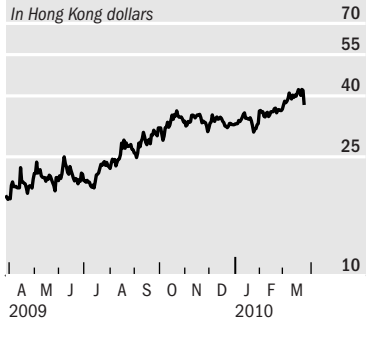
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**-0.6%**	-2.0%	15.7%
China Unicom	**-4.1%**	-6.8%	7.5%

Li & Fung

Hong Kong HK$37.30

▼ **10.7% or HK$4.45**

The trading firm had record '09 profit, but it fell short of estimates; the stock was downgraded.



Price-to-earnings ratio	**52**
Earnings per share, past four quarters	**0.72**
Dividend yield	**2.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.2%**	0.4%	41.9%
Li & Fung	**-10.7%**	-11.2%	100.8%

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